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The CREDIT WORLD

Official Publication of the National Retail Credit Association

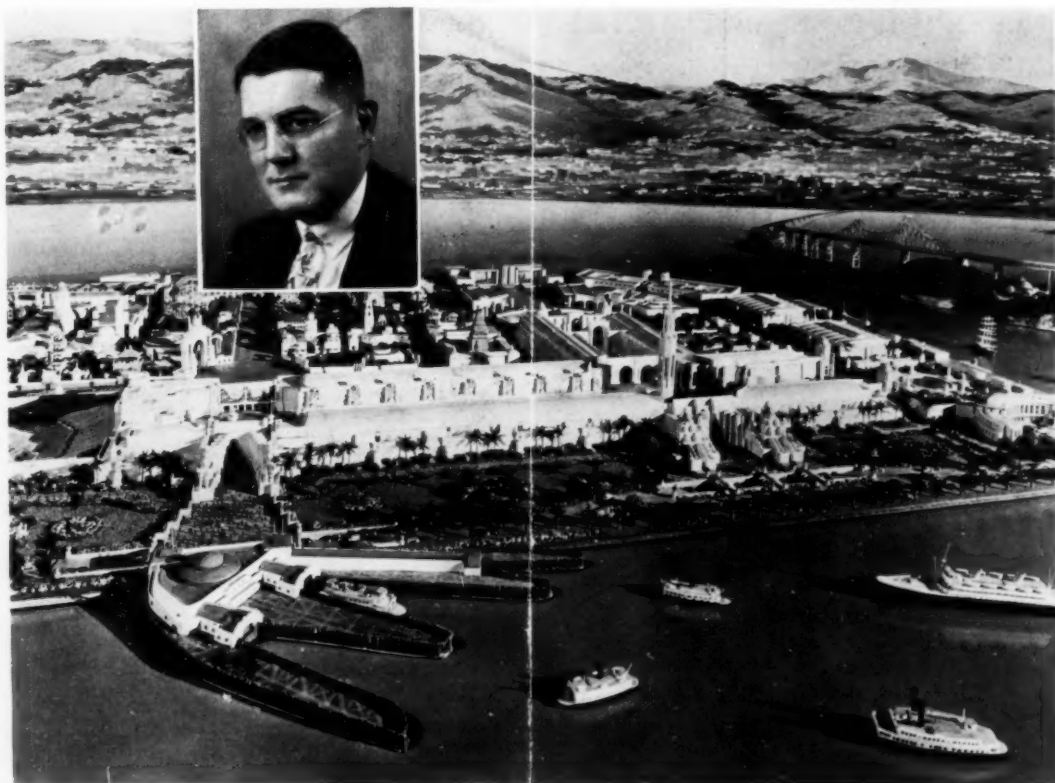
National in Name---International in Scope

JULY, 1938 — Vol. XXVI, No. 10

San Francisco—1939 Convention City!

San Francisco was awarded the 1939 National Convention by the Board of Directors at the Pittsburgh Convention. The photograph below shows a preview of Treasure Island, site of the 1939 Golden Gate International Exposition, as it will appear in 1939.

Inset shows Leo M. Karpeles, Secretary-Treasurer of Burger-Phillips Company, Birmingham, Ala., newly elected President of the National Association.



Founded

In 1912

Try the New "Standard" Collection Stickers

"O.K."—

—when you say, "Charge It"—
is a mark of trust—confidence
that you will pay promptly.

This account is overdue. Remit
now, please, and—

Keep Your Credit "O.K."

National
Retail



Credit
Association

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N.R.C.A.

This new series of "Standard"
collection stickers combines all the
good points of the old series,
which members used to the ex-
tent of a million a year, with
newness:

New copy, new layout, new
color in the gummed paper.

Five in the series, exact size as
shown by dotted lines (upper half
of this page). Attractively printed
in contrasting color on buff-col-
ored gummed paper.

Inoffensive—Inexpensive!

Prices, 1,000 of any one sticker,
\$2.00; 1,000 assorted, \$2.50; 500 as-
sorted, \$1.50. When ordering "as-
sortments" please specify "New
Standard" Stickers.

Don't Break the Magic Circle!

Credit is the magic circle of
business. When you pay your
creditors—they can pay theirs
and so on, around the circle,
until it comes back to you!

Credit Is Confidence—
Safeguard It!

National
Retail



Credit
Association

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N.R.C.A.

Treat Your Credit As a Sacred Trust!

Credit is faith—confidence in
your agreement to pay accord-
ing to terms.

Keep Faith With Your Credi-
tors and Justify Their Trust!

National
Retail



Credit
Association

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N.R.C.A.

Prompt Payment

—is as necessary to the mer-
chant and professional man as
prompt service is to you!

You are their paymaster. Pay
according to agreement and

Protect Your Credit.

National
Retail



Credit
Association

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N.R.C.A.

Past Due

Don't let this past due account
mar your credit record. Pay it
now—and keep your credit rec-
ord clear!

Prompt Payments Build Good
Credit!

National
Retail



Credit
Association

© 1937

N.R.C.A.

"Good Credit—

is worth more than all the
gold mines in the world,"
said Webster.

Prompt Payment Builds
Good Credit—"Worth
More Than Gold"

© 1934



N.R.C.A.

Also--The "Gold" Series

An outstanding series—rich and
dignified looking: Printed in royal
blue, on special gold paper. Five
in series (shown on lower half of
this page). Actual size, 1 1/4" x 2".
(Dotted lines are not part of stick-
ers but are only "size indicators.")

PRICE, \$3.00 PER THOUSAND

Order Either Series from Your
Credit Bureau or—National Retail
Credit Association, Fourth Floor,
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Keep Your Credit As "Good As Gold"!

Prompt payment of accounts,
according to terms, will build
a priceless credit record—

"Worth More Than Gold"

© 1934



N.R.C.A.

A Friendly Reminder!

As this account is overdue,
your remittance will be
greatly appreciated.

Prompt Payment Builds
Good Credit—"Worth
More Than Gold"

© 1934



N.R.C.A.

Now—Please?

We know how easy it is to
forget. Won't you send it
now—please—while you have
it in mind?

Prompt Payments Build
Good Credit—"Worth
More Than Gold"

© 1934



N.R.C.A.

Past Due!

Prompt payment of this ac-
count is necessary to protect
your credit record.

Safeguard Your Credit—
It's "Worth More Than
Gold"!

© 1934



N.R.C.A.

The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

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CHANGE OF ADDRESS: Please notify us promptly of any change of address so that you may not miss any issues. With your new address it is absolutely necessary that you also send us your old one. Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription \$2.00 a year, to members of the National Retail Credit Association only.

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In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

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JULY, 1938

We've saved hundreds of dollars since we began to control our installment accounts



How much are you losing through lax installment selling?

Free book tells six proved ways to cut bad debt losses

If your installment credit methods are lax, many of your accounts will have to be written off or repossessed. Analysis of 10,000 accounts shows the odds against you in lax installment selling run from 2 to 1 to as high as 12 to 1!

How to reduce risks

You can reduce these risks and cut your bad debt losses by following six simple steps. These steps are fully explained in the free 44-page booklet, "Controlled Installment Credit," written by the well known credit authority, Dr. Clyde W. Phelps.

In this helpful booklet Dr. Phelps shows clearly and definitely how to apply to your business the principles observed by all retailers doing outstandingly successful jobs of deferred payment merchandising. Subjects covered include: how

to select customers, how to establish sound terms, when follow-ups should be made, when delinquents should be suspended and when they should be helped, when you must act decisively to prevent serious losses. Experience has proved many times that application of these six basic principles of controlled installment selling greatly reduces bad debt losses and increases profits.

Coupon brings free copy

"Controlled Installment Credit" will be sent to you without obligation. It is published by Household Finance as a contribution to better credit methods. Why don't you mail the coupon below for a free copy now?



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Please mail me free copy of "Controlled Installment Credit." This request places me under no obligation.

Name

Address

City.....State.....

BOSTON CHARGA-PLATE STORES: CONRAD & CO. . . . THE CONTINENTAL CLOTHING CO. . . . WM. FILENE'S SONS CO. . . . THE GILCHRIST CO. . . . E. T. SLATTERY CO. . . . THE R. H. WHITE COMPANY

. . AND IN **B**OSTON



OFFICE OF
CHARGA-PLATE
ASSOCIATES, INC.
BOSTON

"FOUR PROGRESSIVE YEARS OF THE BEST STOREWIDE SERVICE THAT WE COULD POSSIBLY GIVE"

SAYS MR. CHARLES W. HARVEY, CHAIRMAN OPERATING COMMITTEE, CHARGA-PLATE ASSOCIATES, INCORPORATED, IN THIS LETTER:

"In March, 1938, we celebrated our fourth anniversary of the original mailing of Charga-Plates to customers: four progressive years of the best store-wide service that we could possibly give.

"All the bothersome things we thought might happen have not happened. Collections were stimulated when the Charga-Plates were mailed. Now these same Charga-Plates serve as a constant reminder that bills must be paid promptly. We can't imagine member stores' returning to the old fashioned way of doing business. We are experiencing no more 'load-ups' than we found prior to using Charga-Plate despite the fact that floor limits have been increased.

"Hardly a member store prints and distributes stop lists now, although most of them did before the installation of Group Charga-Plate. Four years of helpful experience prove there is no need of bothering to pick up Charga-Plates from customers whose accounts have been closed except in a few isolated cases. And when this has occurred, every one of these Plates has been obtained without serious difficulty. Incidentally, fraud has been reduced in all member stores so that losses from fraud on Charga-Plate transactions are practically eliminated.

"One value of Charga-Plate often overlooked, but of great importance, is the reduction in complaints. Obviously, with fewer wrong postings to accounts with the Charga-Plate imprinted sales-checks and merchandise credits, and more accurate deliveries, complaints are automatically reduced.

"When you consider that the average carriage of Charga-Plates for all Boston stores exceeds 70 per cent, it is obvious that Charga-Plate more than justifies its installation. Moreover, it pays its way in savings, reduction of errors, speed-up of service and prompt and accurate deliveries."

Signed: CHARLES W. HARVEY.

"IT'S CHARGA-PLATE FOR '38"
FARRINGTON MANUFACTURING CO. BOSTON, MASS.

EDITORIAL COMMENT

By L. S. CROWDER



Congratulations, Pittsburgh!

Congratulations, Public Utility Credit Executives

THE Pittsburgh Convention Committee, under the able leadership of its General Chairman, Colonel Franklin Blackstone, worked tirelessly and enthusiastically to make our Twenty-Sixth Annual Convention one that would long be remembered. That the work of the Committee was appreciated is evidenced by the many complimentary letters being received at the National Office.

The entertainment was excellent, the program constructive and the addresses of our own members, pertaining to credit policies and procedure and credit bureau operation were received with keen interest.

Outstanding addresses were also delivered by H. H. Heiman, Executive Manager of the National Association of Credit Men, Richard C. Patterson, Assistant Secretary of Commerce and P. C. Mohrman of New York City, all of which created favorable comment. Likewise, they gained nationwide publicity for the Convention and for the National Association. All of these addresses will be published in *The CREDIT WORLD*.

To these gentlemen, to our member speakers, and to all delegates we express our thanks for contributing to the success of the Convention.

Credit Executives of the Public Utilities Group carried off honors for 100 per cent attendance at each meeting of the group and for remaining during the three hours of each meeting—from 2:00 to 5:00 every afternoon. Executives numbering 60 were in attendance, representing many of the leading utility companies.

Discussions were largely devoted to questions of mutual interest. Retail Credit problems affecting the utility business were considered of paramount importance and the open forums, followed by round table discussions, held the interest of every delegate present. Predictions were made that the Utilities Group attendance at San Francisco next year will exceed one hundred.

Plans are now under way for a splendid program and suggestions for topics to be discussed will be appreciated by National Director R. C. Warren of the Arkansas Power & Light Company, Pine Bluff, Arkansas, Chairman of the 1939 Group, and Mr. Harry F. Reid, Consumers Power Company, Jackson, Michigan, Vice-Chairman of the 1939 Group.

Nothing that has been said above should be construed as any reflection on any of the other groups. They were all well attended. All had excellent programs. Those in attendance proclaimed themselves as having gleaned much benefit from the discussions.

However, the Public Utilities Group was outstanding both in attendance and accomplishments. This was recognized in the public acknowledgment made by President Ross at the Friday morning session of the convention.

The Associated Retail Credit Men of San Francisco are already making plans for a highly successful meeting, June 20-23, 1939. It is expected that attendance will be between twelve and fifteen hundred, depending upon business conditions.

In an effort to create more interest in and better attended group conferences, the Chairmen and Vice-Chairmen of the respective groups will be appointed in the late summer and subjects for discussion will be decided upon before the close of the year.

You are urged to submit your suggestions for group conferences and the convention program to the National Office.

Arrangements are already being made for a special train to transport delegates to the Twenty-Seventh Annual Convention to be held in San Francisco June 20-23, 1939. The National Office would appreciate hearing from interested cities, with an indication of the probable number of delegates who would be interested in this arrangement.



Facts We Must Face!

By R. L. THORNTON*

President, Mercantile National Bank, Dallas, Texas

UNDER the American system of business more material progress has been made during the past 150 years (in this country) than in all the preceding centuries of the world. Now, that is a very broad statement but let's examine it for just a minute and see what kind of a country we are living in and what hopes we ought to have in doing business in a country like this. The American economic system is but an infant, as far as human history goes, or when compared with such institutions as the home, school, church, or trade itself. It dates back in its present form only two or three generations.

During this period, however, great progress has been made in providing every high standard of living until the great masses of our people enjoy more comforts and luxuries than did royalty a century ago. Under this system the United States, with a population of less than 7 per cent of the world's total, controls about 40 per cent of the world's goods. Yet, we hear very frequently that this country is going on the rocks!

One hundred years ago the average person had about 52 wants, of which 16 were regarded as necessities. Today the wants number more than 484, of which 94 are looked on as necessary wants. We business men must understand, once and for all, that there is a constant change in the trend of times and we must direct our businesses along those lines or we are left at the post.

Contributing to this growth of our country have been the great increased productivity of workers and the great expansion and development of transportation and communication facilities. Production per worker in this country is double that of Great Britain, four times that of France, and thirty times that of China. Since 1902 the output of electricity has increased approximately twenty-five fold, and has doubled since 1922. About 42 per cent of all the electric power in the world is used in the United States. Advance of use of electricity is due in a large measure to the steady decline in price which is now about 40 per cent below that of 1913. In 1900 there was but one automobile to every 9,500 persons in this country while at the present there is one to every five. In the last two decades the numbers registered by United States increased nearly eight-fold. More than seven out of every ten automobiles in the world are on the highways of the United States.

This remarkable record has been made possible by steady lowering of price. In the last ten years the average cost per H.P. of an American car has been reduced from \$22.60 to \$7.50. Now, I want to pause here a minute just to point out one thing—the progress of business in America. It is the marvel of the progress of the business

of the world. You are a part of that progress. You are a part of that marvel. Have we any right, whether things just exactly suit us or not, to become discouraged in a country that in 150 years in its business economics and systems has outdistanced, outparalleled any and all the countries of the world? To me, with my business, it gives me the greatest foundation of hope and of courage. When I face the obstacles that I have to face, I begin to ask myself, "Where are we going? And when and where will we stop?" I settle that question with myself on this basis—that wherever we go and wherever we may stop we have the best in the world in the United States.

How has labor progressed? Because here is the thing we hear a lot about these days: "How has labor progressed?" We have much to do with it—it is an economic problem that drives right straight into us. We can't evade it, whether we like it or dislike it. What side we are on makes no difference because it has a lot to do with the purchasing power of this country, and we men who have goods to sell ought to sell either for cash or to someone who can pay us. So it becomes, in the study of business economics, I think, a very vital question.

Not only has our per capita material wealth greatly increased, but the schedule of labor has been reduced from 60 hours a week in 1900 to an average of 40 hours a week at the present. They seem to have lifted the burden from the backs of workers so that considerably less energy is now required for a greatly increased output. In other words, despite its defects, the present system in the United States is by far the best ever devised for increasing the material welfare of the people and at the same time providing increased hours of leisure for the enjoyments of the fruits of labor.

The American System has not only improved the working conditions in the factories but it has also reduced much of the drudgery in the home. Two-thirds of the homes are now wired for electricity and of that number 97 per cent of them have electric irons, 49 per cent electric washers, 42 per cent electric clocks, and 34 per cent have electric refrigerators.

Well, I've heard a lot about the "good old days" of the past (when I was a boy 40 or 50 years ago) and how we had to do things, and why taxes are high now and why things are different, but I've thought a lot about that and I have wondered about these changes brought on by science and invention. I know they cost money—we are paying for them every day, but I frequently wonder if these smart children of yours—and you and I—are not entitled to the progress of science. If not, then why science? If we are not entitled to these things that science and invention produce, and if we can't do business with them, certainly in this day we can't do business without them.

Let me bring another question: What is life? What's your life? What's mine? For my part, I'm glad to see the women of this country carried away from the wash-

*An address at the Eighth District Conference, Dallas, Texas, May 22-25, 1938.

Another Credit Bureau — at Cincinnati — Explains Advantages of TELAUTOGRAPH System!

THE LETTER READS:

"In Cincinnati there is a larger percentage of larger stores in proportion to population than in other metropolitan areas. The merchants feature prompt delivery service to their patrons. In order to render this added service the Cincinnati Retail Merchants Credit Bureau is called on to play an important part through the prompt and often immediate clearance of credit information.

"We make use of a Telaarograph system that gives us immediate contact with our larger members in writing. By marking the information "Waiting," we secure immediate response. Only a few minutes elapse from the time the request is received by the bureau until the complete written report is in the hands of the credit granter. This feature permits deliveries the same day instead of twenty-four to forty-eight hours later. Fast deliveries on new accounts increase sales.

"We feel the Telaarograph, which insures that the reports will be received instantly and exactly as the bureau sends them, plays a big part in making this added 'customer service' possible."

—THE CINCINNATI RETAIL MERCHANTS CREDIT BUREAU COMPANY
Lynn Revenaugh, General Manager.

10 Great Stores With TELAUTOGRAPHS Direct To Bureau!

As Shown Below

ROLLMAN & SONS CO.	POTTER SHOE CO.	THE H. & S. POGUE CO.	
FAIR STORE CO.	JOHN SHILLITO CO.	MABLEY & CAREW CO.	THE McALPIN CO.
ALMS & DOEPKE CO.	BIG STORE CO.	DUNLAP CLOTHES SHOP	

The Original TELAUTOGRAPH System Was Installed July 7, 1930!

The Rental Charges Average 77 Cents Per Day Per Store!

(Leased Lines Extra)

35 Bureaus and 217 Stores Are Now Using This System

— Send For Our Man Now — You Will Not Be Obligated —

WE HAVE 45 BRANCH OFFICES AT YOUR SERVICE!!

(See "TELAUTOGRAPH" in your phone book)

DEPENDABILITY

ECONOMY

SERVICE

TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES:

16 WEST SIXTY-FIRST ST., NEW YORK, N. Y.

JULY, 1938

5

tub and the clothes line by modern conveniences. I'm glad to see them out of drudgery (and I know what it is because I was raised in a cabin farm house in the state—I know something of washing clothes on Friday and ironing them the rest of the week) and I'd rather, for my part, grapple with whatever hardships, if any, science has brought us and leave that drudgery for the womanhood of America as a forgotten thing than to go back to what we call the good old days.

During this time our facilities of education have not been neglected. The percentage of persons between the ages of 5 and 17 enrolled in our public schools has increased from 57 per cent in 1870 to 73 per cent in 1910 and 82 per cent in 1932. I believe in education. Education has largely to do with our future boys and girls and I have a feeling there that I want to talk to you business men just a little bit about it. I can remember hearing the statement that the boys and girls of today are spendthrifts and this, that and the other—I sometimes think so with my children, but I guess we all think that.

But I want to call your attention to this one fact, that whatever may be said about that, the youth of this country today is dependable and able and willing to carry on when you and I leave off. And they have the ability to do it. It's been tested and is being tested today in the fields of commerce—it has been tested on the battlefields of the world, and don't ever lose faith in the ability of the youth of this country to carry on where we gray-headed men leave off. This country, in my opinion, is absolutely safe in any emergency in the hands of the youth of today, and I am glad that we have these greater educational facilities.

Not only are the wage rates in the United States the highest in the world but the masses of the people in this country have set aside substantial sums in various forms of investments. I have sometimes wondered (and so have you) if we have made all this progress at the cost of being spendthrifts. I ask myself that question many times. Living expenses are high, pink bathrooms cost money, touring cars cost money, and I have wondered if, in making all this progress, we were becoming spendthrifts at it. And if we were, where would we land?

Now, let's examine this statement that I am going to make and see if we are becoming a nation of spendthrifts with this progress and development without a parallel. There are more than 41,000,000 saving depositors in this country out of 130,000,000 people. It is reported that the amount of savings deposited here exceeds that of all countries of Europe, whose combined populations are more than four times that of the United States. *Does that look like our children are becoming spendthrifts?* Forty-one million savings depositors in the United States, having more savings deposits than all the countries of Europe, and yet those countries of Europe have four times the population of the United States—that's a good omen.

Watch through life, watch in credits. The man or woman who saves, who can acquire, and adhere to that habit of saving is nearly always a good credit risk. That man or woman who can take out of a wage a certain number of dollars, be it ever so meager, and hold on to that certain number of dollars is the very foundation of American credit. *Why?* Not, perhaps in the dollars of American credit but in the philosophy of the thing: the

sacrifice to accumulate, to save, that is the very foundation of credit. *It is the very backbone of credit.* When that man or woman can save part of his weekly or monthly wage, then he can save to pay. And that man or woman who can't save, then how can he or she save to pay? It's the same philosophy that leads her to the check desk—it's the same philosophy that leads her to a savings bank window—that desire to save with which to pay.

In addition to the foregoing, it is roughly estimated that there are more than 10,000,000 owners of securities in this country. It's apparent, therefore, that the average American has a proportionate stake in the preservation of our economic system along with the corporations and men of large wealth. Now, when I read that statement I began to ponder: You pick up newspapers and you read this and that, and you pretty nearly get to believing that a few people in this country own all of the country. You finally get to believing that the country's destiny is in the hands of a few people. What may be in more or less degree today, may not be tomorrow, but when you come to think that nearly 10 per cent of the people (of the population) of the United States hold securities in the industry of this country, then keep well in mind that Communism and these things that have caused disturbances across the sea are a long, long way from wrecking industry and commercial life in this country.

Now, we have heard a lot about frontiers: This is a thing very interesting to me because I was born in the West, raised in the West, and lived in the West—know something about the settlement of the West—know something about the settlement of the Southwest. Then this frontier question began to worry me because it is a well known fact that in years past, when the Eastern part became too thickly populated, when opportunity drifted away, Horace Greeley said: "Go West, young man." That has been a slogan throughout the years.

Why did they go West? They went West seeking better opportunities. That's the thing that drove the Mormons across the Rockies—it's the thing that drove out the sheep men and the cattle men of the Southwest—it's the thing that drove James J. Hill, who led the way for his great railroad into the Northwest. Seeking work, new opportunities—what, opportunities? *New business, more business!* We are told there are no more frontiers to develop. It is true we passed the geographical frontiers in the nineties, but since that time our development has been even greater than before. More than one-half of the persons employed today are in industries that did not exist, or were just beginning, at the time of the old Chicago World's Fair in 1893. Yet we lost our frontiers in the nineties.

It means just this—that in the olden days, prior to the nineties, in the thickly populated areas we went West looking for opportunities and we called that the frontier. What are we going to do now, for frontiers in the future? It is a great economic question. But when we get an answer like this, that more than one-half the people today employed in industry are employed in industry that was either very young or industry that started since 1893, it gives us the answer to geographical frontiers. If the entire German Empire could support itself on an area smaller than the state of Texas we need not complain that we have no additional frontiers to develop. New frontiers

are constantly being opened up by inventions and science.

American business is spending \$200,000,000 annually on various forms of research to develop new products and new processes. These developments are devising new facilities and services and are bringing an increased number of productions within the buying range of the masses of the American people. Let me point out to you that du Pont's annual statement alone, reciting the amount of money that has been spent and the great number of new things developed by science and tested—ready for the American market as soon as the American people are ready to buy—proves the new frontier of American business has changed from that of geography to that of science. And it means that the future progress of America will depend in the future on this new frontier and not the geographical frontier.

So I wanted to give you these things—these facts. I didn't prepare them myself, but I read them almost constantly. These facts were prepared by the First National Bank of Boston with perhaps one of the greatest corps of statisticians in the country, as nearly correct, I imagine, as the human mind can prepare them. To me they have been a glorious inspiration because when I study these things and then read what I read, I go back to my business and have faith in my business, faith in my country, and faith in my government. I heard a man say the other day (he is the head of a world-wide business): "My company does business in every country of the world [and by the way, the company is a household word to you] either through our own agents or appointed agents. We are happy—we hear from every country in the world once each day, either by cable or letter, and if the countries of the world had tried as hard to keep out of war in 1914 as they are trying today there would have been no war in 1914."

He made another statement that appealed to me a great deal. He said, "We are not satisfied with everything going on at Washington, but in my sober moments I wonder that if everything in Washington were going on in accordance with my rule book, how badly dissatisfied 130,000,000 of American people might be."

That gave me a lot to think about! I have worked out, myself, a dozen rules that would right this country instantly. And I have read of 4,000 (it seems to me like) who could do the job overnight, but folks, I wrote those out, looking from my hilltop. You wrote yours out, looking from yours, but they won't fit into the picture.

The first President I can remember was Grover Cleveland. Some of us liked him and some didn't. Hardly any of the Republicans liked him. As we go on down the line, this thought has come to me, as it perhaps has to you business men; I have heard the statement made from Constable to President, "If you don't put me in and keep that guy out, this country is going to the rocks—I'm the only man who can save it." I've lived a good long time, and I've seen the country so strong and virile that the politicians have utterly failed to ruin it.

I've heard them cuss Wilson and call him a Socialist. I've heard them cuss Calvin Coolidge and call him a Yankee. I've heard them cuss Herbert Hoover and call him English. And Lord, I don't know what they have called Roosevelt—everything in the world! But keep one thing in mind, my friends, every business, yours and mine

is differently set up to the Government of this country. Every business is not in the political realm to the extent that the Government is, and the things that they do would ruin us, and the things that we do they couldn't live on. So, in business it's like this: It's like the road to town—it ain't all downhill—and I hope it ain't all uphill, but I've watched business a good long time. Men conduct most of the business in this country and men have built most of the roads we travel in this country. But after all, it's the man-made rule that I follow. You start to town, whatever the distance might be, you coast down a fine paved road and everything will be all right. Parallel to business, the wind will be to your back and will be blowing you along, you will be making money, and you are the most astute business man in America. Nobody could tell you a thing.

But it rains on that car and she skids off in the mud. Maybe you can get her back, and maybe you can't—maybe somebody has got to pull you out of the ditch—that's the way business is here. That is an exact parallel. I've been on the highway, and I've been in the ditch. I know what I'm talking about, but after all, keep this in mind—it's the averages of things in business that accumulate wealth.

You're in business for two definite reasons only—I might say three: First: to make a living—I might turn it around—First: to have something to do; Second: to make a living; and Third: to make money. Or you can scramble them any way you want to, we're in business

(Continued on page 10.)

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Improving Credit Conditions Through Customer Education

By MISS LILY PERSON*

Credit Manager, Plymouth Furs, Minneapolis, Minn.

IN Minneapolis we ARE proud of our collection percentages as shown each month in *The CREDIT WORLD*. We do not think that these figures just happened, but we feel that it means that in our city the consumer has been educated to pay his bills when due. We feel that it is the result of a consistent credit educational program sponsored by our Retail Credit Association.

This program is divided into three parts:

First the newspapers: For over twenty years, Mr. and Mrs. Retail Buyer have seen "Prompt Pay" advertising in our three daily newspapers. These ads are well printed, brief in wording, and easy to read. All advertisements are inserted over the signature of and by the Retail Credit Association, usually with a reference to the Credit Exchange and the Yellow Book, which is our yearly rating book published by the Exchange.

The advertisements do not appear simultaneously as they are alike in all three newspapers, but the advertising committee does plan to have an ad in each of the papers each month of the year. While the majority of the ads are directly on the pay promptly theme, others are devoted to contract payments—and often on the ninth of the month, the announcement appears that "Tomorrow is the Tenth when all purchases for the previous month become due."

Considerable newspaper space is also given to the Return Goods advertisements and notices, which are handled so nicely by our Return Goods Committee that they deserve honorable mention along with our Prompt Pay Advertising Committee. The campaign for the reduction of merchandise returns began in earnest in 1931. Previous to that, while the problem had received considerable attention from the Adjustment Managers, Credit and Sales Managers, and Merchandise Men, no plan had worked out successfully.

Through our Retail Association members a plan was formulated to regulate all merchandise returns. A series of newspaper stories and editorials was run (along with display advertising) to correct unwarranted returns. An educational plan within the retail store organization by which the employees of all departments received instructions on the Return of Merchandise was formulated—and inserts and pamphlets calling attention to these regulations were distributed to enclose in packages.

Similar notices to these printed pamphlets were placed on the walls of the fitting rooms and in conspicuous places. We feel that calling the attention of Mrs. Retail Buyer to these regulations (not as an individual firm, but as the Retail Credit Association as a whole) has done a great deal not only to decrease our return goods percentage, but to decrease, as well, all unjust claims.

*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

Another means of customer-education publicity which has been effectively carried on since 1923 is the use of delinquent letters through our Retail Credit Association. Each month the chairman of the delinquent list committee prepares or has someone of the committee prepare what we call our delinquent letter. This letter is not a collection letter—but a pay promptly sales letter calling attention to the fact that any outstanding past due accounts should be given immediate attention. For instance this letter was recently mailed out:

DEAR MRS. —:

Good Credit is like Good Health.

Many of us do not appreciate it until we have lost it.

Did you ever stop to estimate the value and convenience of the credit which you are able to obtain? Do you ever consider the genuine satisfaction there is in shopping when your instructions to "charge that to my account" are carried out?

After all, the credit you can command rests largely on one thing—not the position you hold; not the property you own; not your bank account; but the way you

PAY YOUR BILLS.

You should give prompt attention to any delinquent bills which may be injuring your good credit.

Yours very truly,

RETAIL CREDIT ASSOCIATION OF MINNEAPOLIS.

Copies of such a letter (as advance samples), together with blanks, the correct size for later filing at the Exchange, are sent to the Retail Credit Association members. Each member then fills in the name of the customer whom he wishes to receive this special letter, as well as a notation indicating the age of the indebtedness, and returns the filled-in blanks to the Association office. There the blanks are sorted and alphabetically filed to avoid duplication of letters, and a letter is mailed to each name reported. They are written on Retail Credit Association stationery and signed by the Association Secretary. The letterhead carries the National Retail Credit Association emblem and a picture of our Yellow Book.

Inasmuch as these letters go out on the Association's stationery, no individual store is involved. Their value can usually be determined by the numerous letters and telephone calls to our Association office. Mrs. Retail Buyer—perhaps owing delinquent accounts at a number of stores—and not knowing just which organization reported her account—usually will give willingly to the Association office information as to why she is unable to take care of her obligations, and how she plans to take care of them. This information is then sent to the individual store which reported the account.

One retail firm which wished to test the value of the delinquent letters reported that out of a listing of 38

past due accounts receiving this letter, 16 had paid in full within ten days, 10 made partial payments, 9 gave definite promises to pay, and only 3 failed to respond.

Our records show that an average of 1,200 to 1,500 letters are mailed each month to delinquent customers. After these letters are mailed a mimeographed list of the names is sent to all members participating and, in this way, forms a monthly supplement to our Yellow Book, which is published once a year.

Our third project, which I purposely left until last because it interests me most, is our work with the Community Life Problem classes from the various Junior High Schools in Minneapolis.

These Community Life Problem classes are similar to the Civic classes of our old High School days—but they are taught in a more modern manner. The school supervisors believe that a student will retain in his memory facts and problems involving our civic, industrial, and social life, if he has the opportunity to actually visit or listen to some of the lectures and discussions. Accordingly, excursions are planned to visit our state institutions, our House and Senate while in session, and to meetings in our own City Hall.

Therefore, each year arrangements are made for a series of these excursions, with two representatives selected or appointed to represent each class. These representatives are required to report back to their classes on the following day. In order that all members of the class may have an opportunity to go on at least one of these excursions, the delegates are changed for each trip.

In the spring of 1934, Mr. Henry Hoklas, Credit Manager of the Young-Quinlan Company of Minneapolis, conceived the idea that along with our other Community Problems, these students should be taught something about credit, its value to the community, and its problems. With the assistance of Miss Prudence Cutright, Assistant Superintendent of Minneapolis Schools, and other members of the Retail Credit Association, a very successful plan was formulated.

Inasmuch as the schools were so widely scattered about the city, it was decided to devote a room at the Credit Exchange to this purpose. This room was equipped with folding chairs to accommodate forty to fifty for this class work. Mr. Gilfillan was selected as instructor for these representatives, who came equipped with notebooks and pencils—eager and willing to learn—anxious to carry back a message to their classmates.

A school supervisor usually introduces the subject and explains why credit should be studied.

"Credit is the power to obtain goods, money, or service in exchange for a promise to pay at some definite date in the future." With this definition of credit forming the cornerstone of his talk, Mr. Gilfillan builds for his audience a solid structure, making the study of credit appealing and interesting.

He shows how credit has grown from the time of our forefathers when they traded a deer for a mess of fish—to our present day credit transactions. He explains the meaning of the "Three C's of Credit"—Character, Capital, and Capability—the desirability of a good credit rating—and how it can be obtained. The projects and purposes of the local and national associations are discussed in this lecture as well as the operation of the local Credit Exchange.

For a half hour, Mr. Gilfillan strives to bring to his young listeners the message that "Not what you have, but what you are—this must be the keynote of business and personal success." The fact that the students realize this fully is shown in the questions that are asked when the meeting is thrown open for discussion. "It's just like making a promise, isn't it, when you get a charge account," one little student commented with a sigh. A bit of humor is brought into the period of questioning, too, when a little lad ponders and finally arouses enough nerve to ask, "If you marry a girl who hasn't paid her bills, would you have to pay them?"—while another asks, "Would you still have to pay your wife's bills after you were divorced?"

They are groping in the right direction—these boys and girls in their most impressionable age—and they learn that it is just as wrong to leave bills unpaid as it is to "crib on exams."

At the end of their class period they are taken on a tour of the Exchange Offices, where the credit files, and the work of the busy girls exchanging credit references over the telephone, are explained to them—and how they have to be watched or they would make a dash for the

(Continued on page 31.)

Historical Setting to Modern Retail Credits

There are five divisions of credit:

1. **Banking**, which has to do with issuing and lending money.
2. **Public**, which is that credit brought into use, for instance, by nations in carrying on a great war or in acquiring additional territory.
3. **Capital**, which is that credit brought into use as in the purchase of capital stock of corporations.
4. **Commercial**, which is that credit brought into use when wholesalers sell to retailers.
5. **Individual**, is the oldest form of credit, is the most basic, as it depends less on what a person owns and more on his Capacity and Character.

History points out, that, with the dawn of civilization, man concerned himself solely with only three primary wants: food, shelter and clothing. Each head of a family supplied these wants by his own ingenuity. With his own bow, he brought in the deer for food. His women folks fashioned the skins into clothing. With his own hands he built himself a hut. He had no need for money much less credit.

Tribe preservation forced families into communes. With the development of the commune, Trade and Barter followed. Men soon learned that they could do better by devoting their talents to pursuits in which they were especially proficient, and exchanged these products for those produced by others; e.g. this man is remarkably skilled in the hunt,—can bring to the village in a day's hunt several deer while his neighbor brings

Front page of the "High School" pamphlet described in this article

The Barometer of Retail Business

Sales and Collection Trends May, 1938, vs. May, 1937

Compiled by Research Division National Retail
Credit Association

Arthur H. Hert, Research Director

Credit sales decreased 9.6 per cent during May, collections 5.6 per cent, and total sales 7.0 per cent, as compared with May, 1937. These decreases were again attributed to unemployment and the fact that factories were working only part time.

Small increases were noted in ten cities in credit sales and in 15 cities in total sales. Thirty-two of the thirty-five cities reported decreases in either collections, credit or total sales while 15 cities reported a decrease in all three. Highlights of the monthly analysis are shown in the tables below:

High-Lights for May

35 Cities reporting.

11,899 Retail stores represented.

COLLECTIONS

- 26 Cities reported decreases.
- 5.6% Was the average decrease for all cities.
- 31.0% Was the greatest decrease (Mount Clemens, Mich.).
- 8 Cities reported increases.
- 10.0% Was the greatest increase (Montgomery, Ala., and Charleston, S. C.)
- 1 City reported no change (Santa Barbara, Calif.).

CREDIT SALES

- 25 Cities reported decreases.
- 9.6% Was the average decrease for all cities.
- 29.0% Was the greatest decrease (Mount Clemens, Mich.).
- 10 Cities reported increases.
- 18.0% Was the greatest increase (Fort Lauderdale, Fla.).

TOTAL SALES

- 20 Cities reported decreases.
 - 7.0% Was the average decrease for all cities.
 - 20.0% Was the greatest decrease (Decatur, Ill.).
 - 15 Cities reported increases.
 - 20.0% Was the greatest increase (Fort Lauderdale, Fla.)
-

Facts We Must Face!

(Continued from page 7.)

for those three things first, last or all the time. But watch this one thing—I'll give you a little illustration that I had the other day. A man had owed us for eight or nine years and never paid us—a good man too—that's the reason we let him owe us. In '37 he made \$40,000 or \$50,000. He went out and hired a lawyer, a statistician and an income tax expert. I said, "Why in the world do you want to do that?" "Well," he said, "I've got to pay the Government something. I'm making money, so I've got to pay the Government something." "Well," I said, "don't you think you ought to pay the Government something this year—you haven't paid them anything for ages." "Yes, but they want too much." "Well," I said, "maybe that's true, but they are not going to get too much out of you."

Now, the point is this—that man was in a business that every hundred dollars' worth of goods he sold, he sold to the municipalities, the State of Texas and the Federal Government—never sold a dollar's worth to a private citizen. And he didn't want to pay one penny of all that money he got. Now, I want to bring that up with this: we've always thought taxes too high—my father's taxes on his farm used to be about \$16. I thought they were too high then. But we were eating navy beans then and looking at a mule, and they did seem high when you have to get your money that way. And they were high, when you have to get it that way. And taxes, my friends, will always be too high for you and me. For over fifty years I haven't been satisfied with taxes and I know if I live another fifty I never expect to be satisfied, but yet, my friends, keep in mind that whether we like it or not, they are on their way up and not on their way down.

Now, in conclusion, I want to say this—we hear a lot about recession. Keep in mind, we measure everything by the best day we ever had—we do not measure anything by the worst day we ever had. The contrast is a great one there, my friends—a great one. Keep in mind this one thing—I keep it in mind in my business, and I am unafraid, and I can give you what I believe is not a ten-point program to fight any recession with, or to fight your competitor with. It's a three-point program. It's the program that developed our frontiers. It's the thing that within 150 years has brought American business and economic systems to be the marvel of the world; outdistanced every country in the world.

What is that three-point program? It's not a new fangled thing at all—just a thing your mother taught you at her knee. "Have courage, my boy, have courage!" "Be unafraid, my boy, be honest!" My mother taught me that—your mother taught you that. "Son, work—work." You give me the man who has business courage.

I don't mean foolhardy courage, like a man who has courage enough to jump off a twenty-story building and kill himself—he's just a damned fool—that ain't courage. I'm talking about a business man with courage, tempered with prudence—that's the measuring stick of American Business. *Courage, tempered with prudence.* I'm talking about a man who is honest in his business transactions. Though he may think that his progress is



Improving the Efficiency Of the Credit Bureau

By CHAS. E. MOORMAN*

Manager, Retail Credit Men's Association, Jacksonville, Fla; Newly Elected President, Associated Credit Bureaus of America, Inc.

THE extent to which a credit bureau becomes the real protector of the credit granters of a community and a nation depends entirely upon the extent to which it is able to assemble and distribute information. The more information assembled and distributed, the more efficient both the bureau and the credit manager become.

The internal methods and equipment used by a bureau in becoming efficient, can be separated from this discussion. It is my opinion that the "IQ" of bureau managers is as high as that of any profession. If that be an accepted fact, it naturally follows that the average bureau manager will select the best suited equipment and methods for serving his community.

Salesmen from the various manufacturers of equipment will see to it that the bureau manager is exposed to all new and improved equipment and methods of assembling and distributing information. I do not consider it necessary, therefore, to give much consideration to the question of equipment and methods because any bureau manager who is not vulnerable to new and improved equipment and methods is hardly worth worrying about. Such bureau managers pass out of the picture with reasonable regularity.

I hope our principal consideration in this discussion may focus on my opening statement, because upon that foundation rests the success of the bureau and the credit granter.

The bureau is entirely dependent on the credit granter as far as the assembling of information is concerned.

I think I would be safe in assuming that most of the credit managers assembled here recognize the truth of that statement. In other words, talking to you here about cooperating with your bureau is not so essential.

My main hope would be to emphasize and re-emphasize those things which most of you already know and in so doing urge you to return to your respective communities and pledge anew your wholehearted cooperation to your Bureau. Also that you will never overlook an opportunity to urge upon your fellow credit managers in your community the importance of working closely with your bureau in assembling and distributing information. Your espousal of this cause is always much more effective because your fellow credit managers regard your attitude as unselfish.

I am sure all of you will agree that no one could have a more selfish purpose in assembling a mass of credit information than the credit granters. So, while it might be true that the bureau manager's attitude might be construed as selfish, his accomplishments in this respect serve

to an excellent selfish advantage for the credit granters.

It is through you assembled here that we would hope to continually emphasize, to the credit granters of each community, this undebatable fact: "The stronger the Bureau becomes, the more complete is the protection to the credit granters using the bureau."

"Using the Bureau." Wrapped up in those three words is the answer to improving the efficiency of any credit bureau.

The credit bureau is as indispensable to the credit granter as is the clearing house to the banks. The bureau is the nerve center of the retail credit business of a community. As such, it is alertly alive to the protective credit needs of the community, important to business and consumer alike.

It lies within the power of the retailers to make their "Nerve Center" as strong and as sensitive to their needs as they want it. This can be accomplished through a full and complete use of the services of the bureau. If there were some way to get all of the credit granters to believe this, an improvement in the efficiency of every bureau would be automatic regardless of their present efficiency.

Lest someone may misunderstand, let me say right now before I get any further into this discussion, that I am of the opinion that our bureaus are more free from inefficiency than any reporting organization in the world. Although I believe this with all my heart, I think I may say to the credit of the bureau managers that they have a never-ending desire to improve, improve, and then improve some more.

Bureau managers sincerely recognize the credit executives as their best friends, so why shouldn't we want to render better and better service to them? I suspect there is a possibility that most credit granters think most Bureau Managers are "hipped" on the idea of clearing all applications through the bureau.

We are somewhat "hipped" on the idea, but there is a reason for it. In the daily discharge of our duties we see, day in and day out, yes, hour in and hour out, the disastrous results of failure to do so—both to credit granters and society.

Those bureaus who operate "Pooled Account Plans" have an even better opportunity to see where account after account was piled on an already overloaded debtor with no inquiry to the bureau. Such practices show not only a lack of cooperation with the bureau, but they indicate an utter lack of cooperation with other credit granters.

Probably even worse, they contribute toward the breakdown of citizens. In many instances, they break up homes and cause innocent children to suffer. Frankly,

*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

the inexcusable overloading of individuals with credit is nothing short of criminal.

A consideration of these things naturally brings up the question of "Credit Control." I shall not proceed very far into this question although it does have a direct bearing on the efficiency of the credit bureau.

I suspect most of you are getting tired of hearing so much about "Credit Control" or rather the lack of it. We have certainly heard enough about it during the past two years; in fact, most credit executives participating in the last two "first-of-the-year" surveys of *The CREDIT WORLD* on "The Year's Principal Credit Problem," failed to mention that any other major problem existed.

This puts us in a better position to find a remedy. In other words, we now have Credit's "Public Enemy No. 1" identified and cornered.

Our chief problem now is to make the capture, and hastily dispose of this parasite of the credit fraternity. Let us do it in a manner befitting the disposition of a public enemy. The ones to do this job are the C-men and the B-men.

A conviction cannot be accomplished except through the intensely unified efforts of these two organizations. These two organizations CAN do the job if they set themselves to the task with enough determination.

It may be that around this high and purposeful accomplishment, the abilities of both Credit Men and Bureau Men can be so unified and crystallized that the efficiency of both organizations can be brought to a point never before conceived.

I know you credit managers don't like to hear it, but cost of operation has steadily mounted. You know for a positive fact that there has been an increased cost of operation for business generally. Can you think of even one good reason why bureaus have been immune? Certainly not, but very few bureaus have increased their rates. The fact that most bureaus haven't doesn't mean that they shouldn't.

Mother Necessity has compelled bureaus to meet and absorb increased operating costs without increasing rates and at the same time, bureaus have had to meet a mounting demand for a more varied service.

While credit granters have been compelled to demand more and better service of their bureaus, also a faster service, they themselves have permitted a growing slackness or an increasing resistance to giving the bureau information. I am almost tempted to ask—"All not guilty, stand up." But I don't want to embarrass anyone and I know some of you would have to remain seated.

Yet, I venture to say, you are about as cooperative a bunch as are to be found anywhere. You pay dues promptly, attend all meetings and social affairs, and even raise your bureau manager's salary occasionally (we might give you some argument on whether or not you do that often enough) but most of you could noticeably improve the efficiency of the bureau by giving this one matter some real honest and sincere consideration *and then by giving it some action.*

This matter of trade clearances is a serious problem to the older bureaus. The average age of our bureaus is now around 10 years. It costs twice as much to clear 10 sources of ledger information as it does to clear 5. Without a doubt, most real credit managers want all 10

accounts cleared and would not be satisfied with just 5 if 10 were known to be available. This condition definitely exists with older bureaus and it should cause credit managers to speed up the return of information to the bureau—not slow it up.

The bureau is likely to be just about as efficient, as progressive, and as modern as the credit managers who use it.

Bureau Managers need to own a house with several special rooms in it. One of these rooms should be labeled "Cooperation." Here in this room, we need to invite the credit managers to join us in an atmosphere which enables us to meet each other on a common ground, where we get a thorough understanding of each other's problems. In this room we can find a solution to many of our problems. A session in this room, with its atmosphere of friendliness, enables us to come out with a united front, able to do an efficient and profitable job for those whom we serve.

We should have a room labeled "High Ideals." The bureau manager needs to spend a great deal of time in this room—and it would not hurt the credit managers to be invited into this room occasionally. With ideals tumbling all around us, this room is very necessary. The very nature of the bureau manager's job demands that he be a person of high and unwavering ideals.

It is here that we should get inspiration for creating a policy which raises the bureau from the classification of a business to that of an institution and makes it an indispensable part of the vital and pulsating life of the community. It is out of this room we come, stalwart men, unmoved in the face of stormy winds, which blow "isms" of various sorts from all four corners of the earth. In other words, we come out of this room better prepared to be real men.

We should have another room labeled "Unselfishness." In this room we, as bureau managers and credit managers, find the inspiration which causes us to have a sincere interest in all of the affairs of our community. It is from the atmosphere in this room we should get an earnest desire to help those unfortunate individuals who are suffering from an inability to say "No" to that group of "volume mad" credit granters who are unfortunately an affliction on the business life of every community.

A few contemplative moments in this room daily should strengthen our resistance against that very human urge, in all of us—to "take it easy," in connection with Local, District and National affairs which are not directly connected with the discharge of the duties for which we are supposedly paid.

To the men and women who have had this as one of the rooms in their house of life can be traced most of the worthwhile accomplishments of the N. R. C. A. and the A. C. B. of A. They gave unstintingly of their time and talents. Here, in this group, are men and women who have labored many hours of overtime and are continuing to labor without hope of receiving a reward of money or of personal aggrandizement.

We are most fortunate in both of our organizations to have had all through the years men and women who included in their plans for the house of life, rooms of "Cooperation, High Ideals and Unselfishness."

(Continued on page 27.)

Installment Credit--The Dangers Of Considering Quality Only

By P. C. MOHRMAN*

Student of Economics; Former Member New York Stock Exchange, New York City

MY INTEREST in the subject of installment credit is in the possibility that it may become a major influence upon general economic conditions. Please note that I say the possibility that it may become and not that it has been or is now a major influence. The contribution of installment credit to the 1929-1932 depression was unquestionably small and the same may be said of the present depression.

Credit organizations, finance companies, the banks and the retailers deserve commendation for the cooperative efforts that caused them to reverse the tendency toward more liberal installment terms, months before business showed any definite signs of receding. *The National Retail Credit Association is particularly to be commended for its leadership in calling attention to the trend toward unsound practices.*

Despite the foresight shown, some criticism has been heard from high places. As for me, I wish that the national and local political authorities had shown the same foresight in doing something about the tax and other policies which have proved so harmful to the welfare of the people.

Notwithstanding the fine past record, I am, nevertheless, genuinely concerned about the possibility that in the not too distant future, installment credit may be the principal cause of an inflationary boom and collapse. I am concerned because when considering the dangers of installment credit, emphasis is placed almost entirely upon the soundness, that is the collectibility, of outstanding paper.

This tendency to stress only the quality is particularly noticeable among those closely connected with extending or financing credit. By way of illustrating my point and not as criticism, I quote from the 1937 Year Book of the Credit Management Division of the National Retail Dry Goods Association. Mr. J. Anton Hagios, the manager, wrote:

"Now, I am not alarmed at this increase in installment buying so long as it is obtained on a sound basis, so long as the credit man sits down with his customer every time installment credit is granted, and goes over the family income, indebtedness, and reserves; so long as the credit terms are kept within reasonable limits, thus assuring the seller of a high degree of liquidity should there be another slump in business conditions; and so long as the maturity of the contract does not extend beyond the expectant life and serviceability of the merchandise involved.

"If—and let me put plenty of emphasis on this word if—the credit risks are carefully selected, and if collections are rigidly controlled, I see no reason why retailers may not sell such merchandise as electrical appliances, oil

burners, furniture, radios, floor coverings, pianos, and various other home furnishings of a more durable nature on a long term deferred payment basis. In addition, if an adequate carrying charge is obtained to compensate the retailer for the cost of carrying such installment accounts on his books I would say that it is very desirable and good business to go after."

Perhaps most of my audience agrees with this fine expression of policy for the extension of credit and so do I, *except* that I can conceive of all these conditions being met and yet installment credit might be the principal cause of a boom and collapse.

Before explaining my viewpoint I think it desirable to describe certain fundamental facts of our banking system. Most people believe that when they borrow from a commercial bank they are borrowing funds which someone else had previously deposited with the bank. Few people recognize that when a commercial bank loans them \$100,000 the bank creates a deposit of \$100,000 and that it is not necessarily someone else's savings that they are borrowing. Even among those who recognize the expanding and contracting possibilities of our banking system, I have found few who fully recognize the significance of this power.

I repeat, deposits are created when you borrow from a commercial bank and it is not necessary for someone else to save or forego spending when you spend the proceeds of a loan. When you permit a customer to buy a refrigerator on time, and you borrow direct from the bank or from a finance company, which in turn borrows from a bank, the buyer of the refrigerator has purchased it in part with funds that neither he, you, nor anyone else has previously saved.

The bank creates the purchasing power with which your customer buys the refrigerator. Amazing, isn't it? Money to buy with, created at will. It sounds like a one-way street to prosperity, doesn't it? But like other panaceas, it is but a dream, for a day of reckoning always comes. So long as deposits created by bank loans exceed repayments of bank loans there is almost always a stimulation either to demand for goods or to the price of goods or both. But people cannot constantly be increasing their debts. Some day they either prefer or are compelled to reduce their loans.

Then, deflation sets in. A merchant sells some of his inventory but instead of using the funds to replace the inventory, he uses it to pay off a bank loan. When he borrowed the funds the bank created the deposit that he spent. Now, when he repays the loan the bank wipes out the deposit. The merchant does not return to someone else a deposit which they had loaned to him and which they now have available for spending. The merchant's repayment reduces total deposits and the funds which he would ordinarily use to replace inventories are now gone.

*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

So it is with installment credit. When consumers in the aggregate pay off more than they borrow and this money is used to reduce the bank loans of a merchant or a finance company, that much money is no longer available for new purchases.

Perhaps you will say, "If that is the way our banking system works, it isn't my fault. Let the Federal Reserve authorities worry about that. I am interested only in seeing to it that every dollar owed to me on an installment contract is paid. Beyond that I have no responsibility." It is my desire to emphasize as strongly as I can that you not only have a general but a direct personal interest in seeing that installment credit is kept within reasonable bounds.

My first point is an obvious one. We are now suffering from a general depression. The fact that your installment contracts may be all good or that your inventory position is sound does not prevent you from selling less goods and earning a smaller profit. Anything you can do, therefore, to prevent installment credit from becoming an important factor in causing a depression, will be to your personal benefit as well as a benefit to the country as a whole. But there are also other more direct reasons why you should watch installment credit. This may best be explained by an analogy.

The principal cause of the 1929-1932 depression was the preceding inflation in the stock market. In 1929 almost all of us were borrowing money to trade in the stock market and most of us were making money. Yes, we were making money, money created largely by the expansion of loans against securities. Buy a stock today at \$100 a share and sell it later at \$125 a share—a 25 per cent profit. *Easy money!*

Some of this profit was used to increase our scale of living. A new automobile, a new home, theatres, night clubs and a thousand and one other things we could not afford on our salary or profits from business. But this was not all, we turned around and bought another stock which had also advanced 25 per cent in the same period of time.

Because it seemed so easy to make money the majority of us increased our borrowings as the inflation grew. When the crash came many of us found ourselves owning stocks at high prices on margin, which is nothing more than borrowing from a bank indirectly through a broker. Perhaps we even ended up with the same stock we paid \$100 a share for in the first place, only this time we paid \$250 a share for it. But we had made money—or *hadn't we?* We had had some luxuries we would not otherwise have enjoyed, we had paid income taxes on our so-called profits and maybe we had a nice big recurring carrying charge in the form of mortgage interest and taxes on a home bigger than we could now afford. And don't let's forget the installment payments we still had to make on our automobile, refrigerator and so forth.

But when the stock we originally bought for \$100 per share and later repurchased for \$250 per share declined to the original \$100 price we found we had been sold out to pay off our loans. *Where, then, were our profits?* Not only were our fortunes gone or sharply reduced but, of greater importance, we found ourselves in a business depression and our earning power sharply reduced. I am not talking about myself. I was fortunate enough to be

a member of a group in Wall Street that recognized what was taking place.

Perhaps many of my listeners are among those who blame the depression on the brokers and bankers or that ogre known as Wall Street. It is not my intention to offer a defense of Wall Street—there are good and bad there just as there are every place else—but, by pointing out the situation that existed for brokers in 1928-1929, I believe I can bring home to you the problems you must face when installment credit expands rapidly.

I can best explain by my personal experience. As early as the fall of 1928, the group of which I was a member recognized that trouble was brewing. But there was no way for us to tell just when it would come. Therefore, we would sell occasionally, in a process of reaching for the top. It was extremely discouraging to sell a security only to have it selling considerably higher a week or a month later. Our customers wanted to make money and we had to be judged by a comparison with the profits of customers of other brokers, but you can't participate in an advance in the market if you have sold your stocks, no matter how right you may eventually be.

There were others in the brokerage business who recognized the dangers of the situation but the public wanted to make money and the market was going up. If you were too pessimistic and discouraged the purchase of a stock which then advanced, there were other brokers who would not discourage the customer. So it will be with you. If you feel that installment credit is increasing too rapidly and you won't extend the credit, your competitor probably will. Let me expand on the difficulty you will encounter in stemming the tide once it has started. Your sales and your profits may be at "all-time highs" but there are few men in this world who do not care to do a larger business or make a larger profit. Also in prosperous times as well as in depression, your competitors are ready to take your business from you any time they have the opportunity. Therefore, you too, just like the brokers, will be tempted to let someone else worry about the outstanding credit becoming too large, so long as your own credits are sound.

While we are talking about soundness, how about the soundness of brokers' loans? Strict brokers' loans were very sound. I have not made a survey of the banks to learn if any suffered losses on their loans to brokers but such as may have been suffered were extremely small in relation to outstanding loans because the loans were secured by marketable securities, as well as the capital of the brokers. Brokers suffered some credit losses, but here again they were relatively small. Nevertheless, despite their soundness, brokers' loans were the principal cause of the 1929-1932 depression. The soundness of brokers' loans didn't prevent the collapse but their large volume caused it. Installment credit may be collectible without large loss, but if the volume becomes excessive it, too, can cause a depression. That is why the subject of this talk is "Installment Credit—The Dangers of Considering Quality Only." But what if you ignore the signs of dangerously expanding installment credit and permit it to become a major factor in an inflation of credit and the inevitable collapse?

The stock broker who used his efforts to guide his clients' funds into profitable channels is penalized as well

(Continued on page 18.)

The Nation's Collection Percentage

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY STORES						
	1938			1937			1938			1937			1938			1937			1938			1937			1938			1937			
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	
Boston, Mass.	50.2	69.5	43.5	50.7	68.3	44.8	16.1	27.7	14.1	15.2	25.8	13.3	50.6	53.4	42.0	54.3	59.0	43.1	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	46.6	52.0	42.0	47.0	53.0	44.6	—	14.7	—	—	15.7	—	—	—	—	—	—	—	—	10.4	—	—	—	—	—	—	—	12.8	—	—	—
Lynn, Mass.	55.1	57.0	42.4	47.5	57.0	40.7	—	—	—	—	—	—	—	—	—	—	—	—	12.0	16.8	9.7	12.7	22.5	12.2	—	—	—	—	—	—	—
Springfield, Mass.	52.5	56.0	49.1	56.3	62.5	50.2	13.4	17.4	9.5	15.1	25.6	18.2	49.1	54.9	43.3	53.4	55.6	51.3	—	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	45.1	50.0	41.7	45.1	51.9	43.4	23.7	25.1	22.3	25.6	25.6	25.1	39.5	43.0	31.0	42.3	45.0	23.2	—	—	—	—	—	—	—	—	—	—	—	—	—
New York City	49.3	63.3	42.1	52.7	61.4	43.3	16.7	27.0	12.5	19.2	24.9	14.0	43.7	52.1	37.0	42.9	51.5	36.8	—	—	—	—	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	47.1	52.3	42.3	49.5	53.2	43.8	15.7	19.0	13.1	17.6	23.2	14.0	46.3	52.3	40.8	48.6	53.2	39.8	—	—	—	—	—	—	—	—	—	—	—	—	—
Reading, Pa.	50.9	54.0	40.0	52.2	54.1	52.0	—	18.4	—	—	22.0	—	—	47.5	—	—	39.0	—	11.9	15.0	8.9	16.0	20.0	12.1	—	—	—	—	—	—	—
Syracuse, N. Y.	40.4	42.2	39.0	41.9	43.7	38.4	14.2	16.2	13.8	17.4	20.6	15.9	43.1	47.2	39.0	43.9	47.0	40.9	—	10.9	—	—	—	—	—	—	—	13.6	—	—	—
Utica, N. Y.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	39.2	47.0	36.0	—	—	—	—	—	—	—	—	11.4	12.0	10.7	—
Washington, D. C.	41.4	50.7	32.7	40.2	50.0	34.3	12.9	13.7	11.4	12.3	13.2	10.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Huntington, W. Va.	—	55.7	—	59.4	62.7	56.0	—	11.2	—	—	10.2	11.8	8.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	44.5	55.6	36.3	43.4	49.1	43.7	15.4	24.5	8.7	15.2	25.4	7.6	40.4	43.8	37.7	41.1	44.3	38.5	—	—	—	—	—	—	—	—	—	—	—	—	—
Birmingham, Ala.	42.0	46.4	35.6	44.4	46.6	40.4	16.1	17.3	14.0	18.8	19.6	17.9	45.1	46.0	44.3	44.6	45.0	44.3	10.6	11.1	9.5	12.6	13.6	11.3	—	—	—	—	—	—	—
Atlanta, Ga.	32.5	32.7	32.3	36.4	37.3	35.5	14.2	15.5	12.9	13.8	14.2	13.4	33.0	35.3	30.7	36.0	38.3	33.7	—	11.2	—	—	—	—	—	—	—	—	12.7	—	—
Kansas City, Mo.	74.8	79.3	70.3	69.5	78.0	60.9	—	20.1	—	—	16.2	—	51.5	58.1	42.1	53.1	60.9	42.8	—	12.8	—	—	12.3	13.0	11.7	—	—	—	—	—	—
St. Louis, Mo.	55.4	64.7	47.7	56.8	67.0	49.2	20.5	26.8	15.5	21.8	25.0	20.1	41.6	49.6	35.1	43.9	51.2	37.0	—	18.5	—	—	—	17.5	—	—	—	—	—	—	—
Little Rock, Ark.	41.4	44.1	38.7	43.3	46.9	39.8	25.8	32.8	18.8	21.3	24.5	18.1	—	—	—	—	—	—	—	9.6	—	—	—	10.0	—	—	—	—	—	—	—
Cleveland, O.	45.0	50.8	43.9	48.3	52.0	43.6	17.3	24.4	13.3	20.2	31.8	12.1	42.7	46.2	41.0	45.0	46.5	42.8	8.5	9.0	8.0	10.8	12.1	9.5	12.2	25.8	46.0	—	—	—	—
Cincinnati, O.	48.8	54.1	41.0	52.1	57.4	46.0	14.5	20.0	10.9	18.1	30.0	14.2	46.7	53.7	41.5	47.4	56.2	40.7	—	—	—	—	—	—	—	—	—	—	—	—	—
Columbus, O.	47.8	52.1	43.5	50.2	54.7	45.8	12.3	13.6	10.9	12.3	13.0	11.5	41.9	46.8	37.1	49.8	56.1	43.5	12.3	40.0	9.1	12.3	41.5	10.1	—	—	—	—	—	—	—
Toledo, O.	41.6	51.1	41.1	45.9	52.3	45.5	16.1	19.1	15.2	17.1	17.4	17.0	44.2	46.8	41.6	54.0	55.5	52.5	—	—	—	—	—	—	—	—	—	18.6	—	—	—
Youngstown, O.*	—	—	—	51.0	51.5	50.4	—	—	—	—	18.1	20.3	15.9	—	—	—	37.7	42.7	32.7	—	—	—	—	—	—	—	—	—	24.9	—	—
Detroit, Mich.	50.9	64.0	41.4	54.9	67.0	45.0	19.0	23.2	12.9	22.0	23.6	18.9	48.8	54.1	45.3	53.2	59.0	47.6	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	43.8	44.8	42.3	47.9	50.8	43.4	—	—	—	—	—	—	39.0	47.0	30.7	48.5	58.0	41.4	16.2	18.1	12.8	20.0	26.5	13.1	—	—	—	—	—	—	
Milwaukee, Wis.	47.1	47.6	40.8	48.5	51.9	47.0	18.9	19.4	18.4	12.1	22.1	20.0	39.0	50.3	27.7	—	54.0	—	—	9.3	—	—	—	11.0	—	—	—	—	—	—	—
Springfield, Ill.*	31.4	41.7	16.3	32.0	43.8	14.7	—	—	—	—	—	—	30.1	31.1	29.0	31.5	33.0	30.0	20.7	35.2	10.1	22.4	34.7	12.5	—	—	—	—	—	—	—
Duluth, Minn.	45.6	46.6	44.7	49.7	50.5	38.9	—	26.0	—	—	25.5	29.6	21.4	48.0	58.3	37.0	47.2	56.6	42.0	—	—	—	—	—	—	—	—	—	—	—	—
St. Paul, Minn.	54.2	58.4	49.5	55.7	58.0	53.0	—	—	—	—	—	—	—	41.5	42.7	39.5	42.9	48.7	33.0	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	64.9	68.8	63.2	65.5	70.5	59.9	18.4	22.3	13.2	18.6	22.2	12.9	57.0	58.0	56.0	59.3	59.9	58.6	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	51.8	54.7	48.8	54.9	55.5	54.2	15.7	16.5	15.0	16.3	17.8	14.9	—	40.4	—	49.4	49.7	49.1	15.1	16.1	14.1	17.8	18.7	16.9	—	—	—	—	—	—	—
Cedar Rapids, Ia.	52.5	56.5	44.0	56.0	62.4	48.6	19.2	19.4	19.0	26.2	28.0	24.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Des Moines, Ia.	38.4	43.6	37.6	40.6	47.5	38.0	—	10.9	—	—	12.1	—	48.0	54.0	44.0	48.4	55.6	46.0	—	—	—	—	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	45.9	46.8	39.0	46.7	47.1	37.0	16.0	16.6	14.8	15.8	17.6	14.0	—	35.0	—	—	40.0	—	—	16.3	—	—	—	—	—	—	—	—	15.2	—	—
Omaha, Neb.	—	45.9	—	—	46.4	—	—	12.6	—	—	—	13.5	—	41.0	42.6	37.6	42.6	45.5	39.0	—	—	—	—	—	—	—	—	—	—	—	—
Tulsa, Okla.	58.0	60.3	57.3	63.4	64.0	60.0	16.0	17.6	14.0	16.5	16.6	15.0	—	44.5	—	41.9	42.7	41.1	—	—	—	—	—	—	—	—	—	—	—	—	—
San Antonio, Tex.	40.4	45.9	34.9	39.2	42.5	35.8	11.8	13.3	9.4	—	13.7	—	43.4	48.3	40.4	47.3	51.0	45.9	11.8	13.3	10.6	11.9	13.6	10.2	—	—	—	—	—	—	—
Denver, Colo.	44.4	45.4	38.6	44.6	47.3	41.7	12.4	14.9	12.0	13.7	16.5	13.1	41.6	44.7	38.6	42.6	43.5	41.7	9.3	10.3	8.3	9.9	11.4	8.5	—	—	—	—	—	—	—
Salt Lake City, Utah	55.9	62.9	48.1	59.3	70.6	51.0	23.5	27.9	18.3	21.0	30.4	15.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	109.2	—	—	112.6	—	—	—	—	—	—	—	40.5	48.0	33.0	47.0	50.0	44.0	—	—	—	—	—	—	—	—	—	—	—	—	—
Portland, Ore.	38.8	66.6	33.6	40.0	51.8	34.6	13.3	19.5	12.9	14.4	19.1	13.3	40.5	43.0	33.7	42.3	46.0	37.3	—	—	—	—	—	—	—	—	—	—	—	—	—
Spokane, Wash.	49.8	50.2	49.5</																												

May, 1938 Versus May, 1937

JEWELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS												
1937					1938			1937			1938			1937			1938			1937			1938			1937									
AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.						
55.4	60.0	63.9	56.1	—	—	55.0	—	—	53.7	—	—	62.1	—	—	62.4	—	—	400	—	—	60.0	65.9 ¹²	39.0 ⁶	54.8	65.0 ⁷	49.0 ⁸	—	—	—						
—	—	—	—	—	—	40.8	—	—	—	—	—	52.6	52.8	52.4	52.2	57.3	47.1	—	—	—	77.8	76.5 ⁹	39.7 ¹⁰	74.5	79.7 ¹¹	53.6 ¹²	—	—	—						
—	—	12.0	—	—	—	—	—	—	74.0	—	—	—	—	—	—	—	—	—	—	—	59.0	72.7 ¹³	41.0 ¹⁴	60.0	70.0 ¹⁵	42.0 ¹⁶	—	—	—						
—	—	—	—	—	—	45.0	—	—	45.0	—	—	—	65.6	—	65.9	73.8	58.0	—	—	—	52.7 ¹⁷	59.1 ¹⁸	46.3 ¹⁹	68.1 ²⁰	68.2 ²¹	68.0 ²²	—	—	—						
—	—	—	—	—	—	45.5	54.0	37.0	72.8	104.0	41.6	—	53.0	—	—	56.1	—	—	51.4	—	57.7	59.7	72.0 ²³	40.1 ²⁴	59.7	74.7 ²⁵	45.0 ²⁶	—	—	—					
—	—	—	—	—	—	46.0	68.8	40.0	50.0	71.6	45.1	64.6	79.7	48.2	59.4	81.0	57.3	—	71.4	—	79.1	51.8	56.6 ²⁷	44.0 ²⁸	47.9	63.0 ²⁹	46.0 ³⁰	—	—	—					
—	—	—	—	—	—	—	—	—	—	—	—	53.8	56.7	51.0	57.8	64.6	51.0	—	—	—	70.6 ³¹	63.3 ³²	58.0 ³³	72.5 ³⁴	85.9 ³⁵	59.0 ³⁶	—	—	—						
—	—	—	—	—	—	42.0	46.9	37.1	47.9	57.0	38.9	—	65.5	—	—	45.0	—	—	71.4	—	77.0	43.1	57.0 ³⁷	18.4 ³⁸	43.3	61.5 ³⁹	22.7 ⁴⁰	—	—	—					
—	—	—	—	—	—	—	—	—	—	35.0	—	—	45.0	—	—	51.5	—	76.6	90.3	62.9	84.8	92.4	77.2	61.0	66.0 ⁴¹	50.7 ⁴²	57.0	90.2 ⁴³	46.8 ⁴⁴	—					
—	—	—	—	—	—	—	—	30.0	32.0	28.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	44.9 ⁴⁵	71.1 ⁴⁶	23.5 ⁴⁷	—	—	—				
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	37.6	40.6	34.0	40.9	44.0	36.8	48.0	50.5	45.4	51.2	57.3	46.2	—	—	—	—	—	—	—	—	—	48.0	56.0 ⁴⁸	40.0 ⁴⁹	—	—	—			
—	—	—	—	—	—	42.2	44.9	39.6	42.1	47.9	36.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	33.7	34.6	32.8	38.2	39.2	37.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	51.5	58.1	42.1	53.1	60.9	42.8	—	47.2	—	61.8	73.5	50.1	77.3	81.1	61.0	80.1	82.9	56.6	69.8	96.9 ⁵⁰	38.8 ⁵¹	68.7	88.1 ⁵²	50.6 ⁵³	—	—				
—	—	—	—	—	—	34.9	41.0	30.3	36.7	41.0	31.9	—	49.2	—	—	52.0	—	—	—	—	—	—	—	35.5 ⁵⁴	36.0 ⁵⁵	35.0 ⁵⁶	35.5 ⁵⁷	37.0 ⁵⁸	34.0 ⁵⁹	—	—				
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	69.0	81.0	57.0	65.8	83.7	48.0	—	53.0 ⁶⁰	—	—	55.0 ⁶¹	—	—	—				
—	—	—	—	—	—	41.9	59.9	38.4	48.6	71.2	44.1	—	—	—	63.3	66.6	60.1	—	—	—	—	—	—	46.4	81.8 ⁶²	28.4 ⁶³	52.1	89.3 ⁶⁴	38.0 ⁶⁵	—	—				
—	—	—	—	—	—	42.0	43.0	40.9	48.9	50.1	47.7	63.9	69.0	58.8	63.9	66.5	61.4	—	—	—	—	—	—	61.3	80.8	43.0	70.4	80.8	61.4	—	—				
—	—	—	—	—	—	40.0	—	—	45.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	47.0 ⁶⁶	—	—	—				
—	—	—	—	—	—	30.8	31.1	30.6	39.1	39.8	38.4	—	—	—	—	—	—	44.0	—	42.8	45.0	40.0	—	—	71.6 ⁶⁶	—	55.0	71.0 ⁶⁷	52.8 ⁶⁸	—	—				
—	—	—	—	—	—	—	—	—	38.1	50.0	24.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	51.2 ⁶⁹	53.0 ⁷⁰	49.3 ⁷¹	—	—				
—	—	—	—	—	—	46.5	48.3	45.2	56.2	57.6	51.0	50.2	54.0	46.5	56.0	59.3	52.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	42.7	80.0	22.0	49.4	74.0	26.2	—	—	—	—	—	—	—	—	—	—	—	—	51.5 ⁷²	68.0 ⁷³	35.1 ⁷⁴	65.6 ⁷⁵	81.0 ⁷⁶	50.3 ⁷⁷	—	—				
—	—	—	—	—	—	42.2	43.0	41.5	49.8	51.5	48.2	—	60.5	—	—	59.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	25.4	25.7	25.0	32.9	35.0	30.8	35.6	38.5	32.7	37.4	38.8	36.0	53.0	70.0	28.0	56.0	69.2	49.0	47.6 ⁷⁸	48.0 ⁷⁹	46.7 ⁸⁰	39.0 ⁸¹	43.0 ⁸²	33.0 ⁸³	—	—				
—	—	—	—	—	—	31.5	32.8	30.3	35.9	36.4	35.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52.0	91.0 ⁸⁴	44.0 ⁸⁵	—	—				
—	—	—	—	—	—	39.7	49.6	34.5	44.7	54.1	37.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	50.9	—	—	—	47.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	46.0	49.5	42.6	53.3	53.5	53.2	—	—	—	—	—	—	68.0	—	—	53.0	—	—	—	—	—	56.0 ⁸⁶	—	48.0 ⁸⁷	—	—				
—	—	—	—	—	—	52.2	53.3	51.0	52.7	55.7	49.7	—	58.0	—	—	72.0	—	—	—	—	—	—	—	—	—	—	58.9	—	48.9	—	—				
—	—	—	—	—	—	39.1	40.0	38.2	42.9	43.7	42.1	—	54.0	—	60.0	78.0	46.0	—	—	—	—	—	—	—	—	—	—	—	45.2 ⁸⁸	—	—				
—	—	—	—	—	—	42.0	—	—	40.2	—	—	—	45.0	—	—	62.0	—	—	—	—	—	—	—	—	—	—	—	—	30.5 ⁹⁰	—	—				
—	—	—	—	—	—	50.7	—	—	54.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22.3 ⁸⁹	—	—	—	—				
—	—	—	—	—	—	48.4	57.7	39.0	52.1	62.9	41.3	—	—	—	—	—	—	96.8	—	—	84.2	—	—	—	—	—	—	—	51.0 ⁹²	—	—				
—	—	—	—	—	—	—	36.7	—	—	42.0	—	—	51.9	—	—	56.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	44.5	44.7	44.3	46.1	48.7	43.5	42.2	44.2	40.2	46.7	53.6	39.7	—	56.0	—	—	81.7	—	—	—	55.9	74.8 ⁹⁴	40.0 ⁹⁵	76.5	85.0 ⁹⁶	54.3 ⁹⁷	—			
—	—	—	—	—	—	47.3	58.6	36.0	45.7	55.4	36.0	61.1	63.3	59.0	52.1	61.3	43.0	—	—	—	—	—	—	—	—	—	—	63.2 ⁹⁸	—	69.5 ⁹⁹	—	—			
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60.1	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	34.9	36.5	33.4	41.9	42.3	41.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	55.2	82.0 ¹⁰⁵	14.0 ¹⁰⁶	58.5	82.0 ¹⁰⁷	17.0 ¹⁰⁸			
—	—	—	—	—	—	34.4	48.4	29.5	38.2	48.3	33.0	47.0	60.0	40.5	48.7	63.0	40.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
—	—	—	—	—	—	51.8	56.3	47.4	53.3	61.1	41.6	58.4	59.5	45.8	56.9	63.4	50.1	—	—	—	—	—	—	—	—	—	79.1 ¹¹²	84.4 ¹¹³	73.9 ¹¹⁴	79.1 ¹¹⁵	85.3 ¹¹⁶	72.9 ¹¹⁷			
—	—	—	—	—	—	56.2	67.7	44.0	61.3	70.3	56.0	51.2	63.3	44.1	52.4	58.0	46.1	—	—	—	—	—	—	—	—	—	64.6 ¹¹⁸	77.4 ¹¹⁹	56.0 ¹²⁰	67.0 ¹²¹	78.1 ¹²²	59.0 ¹²³			
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
—	—	—	—	—	—	39.2	43.0	37.9	43.0	53.0	33.0	—	45.0	—	—	24.0	—	—	—	—	—	—	—	—	—	—	68.7	71.0	66.4	72.8	96.0 ¹²⁴	28.3 ¹²⁵	68.5	101.0 ¹²⁶	30.0 ¹²⁷

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

7-38
A. H. H.

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

¹Cleaning and Carpet Cleaning
 ¹¹Builders' Supplies
 ¹²Optician
 ¹³Grocery
 ¹⁴Stationery, Office Supplies
 ¹⁵Florist
 ¹⁶Hardware
 ¹⁷Dairy
 ¹⁸Drugs
 ²⁰Sporting Goods
 ²¹Electrical Supplies

United States and Canada -- Contribute These Figures Monthly

Installment Credit--The Dangers Of Considering Quality Only

(Continued from page 15.)

as the broker guilty of abuses. I am not discussing whether the low volume and the restrictions are good or bad for the country as a whole but I do know that they have had much to do with reducing and in many cases eliminating the profits from the stock brokerage business. It is my observation that all those businesses that are closely regulated sooner or later become less profitable and often unprofitable.

If you permit installment credit to become the cause of the next boom and collapse, your business may be the next to be subject to regulation and regimentation. You will then become the scapegoat of the politicians and your business will become less profitable. You will not be excused from regulation because your installment contracts are collectible, but you will be condemned as part of the industry. Therefore, if you wish to continue to run a profitable business as you believe it should be run, you cannot afford to consider only the quality of installment credit but you must also recognize the importance of quantity.

A natural question to ask is, "At what point will installment credit become too great?" Unfortunately, no one can estimate at just what point it will be too large. Credit inflation will undoubtedly be progressing in other fields at the same time, so that although installment credit may be the principal cause of a boom it is unlikely to be the only cause. Although we cannot estimate at exactly what point installment credit will be too great, let us examine the past and see what expansion took place in brokers' loans.

I am using the monthly figures of brokers' borrowings on collateral in New York City as reported by members of the New York Stock Exchange. At the close of 1926, brokers' borrowings totalled \$3,293,000,000. On December 31, 1927, they stood at \$4,433,000,000. By the end of 1928 they had increased to a total of \$6,440,000,000. Between December 31, 1928, and September 30, 1929, they increased another \$2,109,000,000 to a peak of \$8,549,000,000. Thus, over a period of two years and nine months, brokers' borrowings went from \$3,293,000,000 to \$8,549,000,000.

How do these figures compare with outstanding installment credit? The total of installment credit outstanding at any one time has never been more than roughly estimated. A comprehensive survey of the volume of installment sales was made by the Department of Commerce for the year 1935 and an estimate for 1936 and 1937 has been issued, but these studies do not include the amount of installment credit outstanding at any one time. Various estimates have been made. The newspapers on February 19, 1938, quoted Mr. Alexander Dye, Director of the Bureau of Foreign and Domestic Commerce, as having given an estimate of \$2,900,000,000 as the average amount of credit outstanding on retail installment accounts during 1937.

Now, I am not forecasting that over the next three years, five years or ten years, installment credit will expand as did the \$3,293,000,000 of brokers' loans outstanding on December 31, 1926. The very purpose of

my talk is to urge you to take measures that will prevent the occurrence of anything like a similar situation. I do say, however, that at the close of 1926, I doubt that anyone prophesied that brokers' loans would increase \$5,256,000,000 in less than three years, but nevertheless they did.

The point at which installment credit will be too great will depend in large measure on how much credit expansion has taken place in other fields of activity. Expanding installment credit will cause expansion of credit in other fields and, in my opinion, an expansion of installment credit will cause more of a stimulation to the credit demands of other businesses than occurred in the case of brokers' loans. Increased sales at retail induce retailers and wholesalers to increase their inventories, which in turn cause manufacturers to increase their manufacturing facilities and inventories and through the increased demand of manufacturers the production of raw materials is stimulated. All of this results in a demand for credit from many sources. At a time like the present, this sounds like just what we are looking for, but let us not forget that credit is debt, which when overexpanded, collapses, and the following period of credit contraction is depression. The greater the expansion of bank credit, through installment sales or otherwise, the greater will be the reaction when the debts must be repaid.

As installment credit expands, many arguments will be set forth as to why the expansion is sound. I am disturbed by one such argument which I have run across on several occasions during the past year. Mr. Henry Ittleson, President of Commercial Investment Trust Corporation, in an address before the National Association of Sales Finance Companies last September, expressed the argument this way: "First, the outstanding installment debt at the beginning of the year was less than 3 per cent of the current estimate by the Department of Commerce of the national income paid out in 1937, in the amount of 70 billion dollars." There are sound arguments in logic why this ratio does not prove that outstanding installment credit is insignificant but experience is the best teacher and so I will again refer to brokers' loans.

One of the favorite arguments of those who would not recognize the inflation of brokers' loans was to call attention to the low ratio of brokers' loans to the total value of listed shares. It sounds reasonable to measure the importance of brokers' loans by their ratio to the total value of listed shares but let us see what happened. As of September 1, 1929, the ratio of New York Stock Exchange member borrowings to market value of all listed shares was 8.79 per cent. This compared with a ratio of 9.46 per cent as early as June 1, 1928. Mind you, the ratio of borrowings to market value was less at the peak of the boom than it was on June 1, 1928, and, believe it or not, the highest recorded ratio was not in 1929 but was as of March 1, 1926, three and one-half years before the collapse.

Those who received comfort from the fact that the ratio of brokers' loans to market values was lower in 1929 than in 1928 and 1926, were caught in the crash but those who feared the great volume of brokers' loans were prepared. The peak of volume of brokers' loans was made in September, 1929, and it was this volume that caused the crash. I hope those interested in installment

credit will not let ratios blind them to the dangers of expanding volume.

There are many factors operating to bring about the expansion of installment credit. Years ago, buying on time was looked upon as something to be indulged in only by spendthrifts. If a family bought something on the installment plan, the children were lectured to be sure not to tell any of the neighbors because knowledge of it would reflect on one's reputation. Today it is accepted in the best of circles.

The Federal Government through loans and guarantees is rapidly becoming a large factor. Now, you may build a house with as little as 10 per cent down and you may repair, paint or add to your home, purchase electric refrigerators, electric ranges and other electrical appliances on a time basis, all with the blessings of the Federal Administration.

Another stimulant to installment purchases is the narrowing spread between cash and installment prices. The closer installment prices are to cash prices the smaller is the inducement to save first in order to buy for cash. Low interest rates and governmental competition are the principal factors which have brought this about.

The higher rate of return on installment paper and the plethora of banking funds have caused commercial banks to enter the installment credit field. Banks were slow to finance installment sales but now not only are installment contracts acceptable to the banks but, since last fall, finance paper, meeting certain not too severe qualifications, is rediscountable at the Federal Reserve banks.

Until recent times, installment sales were almost exclusively limited to articles which could be repossessed and which had good resale values. Today the field for installment sales includes almost all articles and even personal services. Mail order houses will sell anything in their catalogs on credit. The importance of this extension of credit to so-called soft goods and personal services is not limited to the increased risk of loss involved in this type of credit but is equally important in that it greatly increases the potential demand for installment credit.

Installment credit terms have at times been an important competitive factor. Payments are spread over a longer period of time and the down payments are reduced. Like the extension of credit to soft goods, the liberalization of terms not only increases your credit risk but increases the total outstanding credit. If the length of installment contracts is extended from twelve months to eighteen months, a given monthly payment will permit an increase in the average amount of credit outstanding over the life of the contract of a little more than 46 per cent. That is to say, a family using \$25 of each month's income to buy on the installment plan will be borrowing an average of \$162.50 if the term of the contract is twelve months but if the term of the contract is increased to eighteen months the same \$25 a month will permit an increase in the average amount borrowed to \$237.50. A reduction in the original down payment from 33⅓ per cent to 20 per cent of the price of the article will increase the average amount of credit outstanding over the life of the contract by 20 per cent.

When I first endeavored to combine the effects of a

lengthening of the installment period with the effect of a reduction of the down payment, it appeared impossible. If I continued the assumption of a fixed amount available each month for installment payments, the reduction in down payment had no effect on the average credit outstanding over the life of the contract. This is because the amount one can borrow is limited by the fixed amount available for monthly installment payments. Nevertheless, I was convinced that the reduction of down payment must have some effect even though the monthly amount available was fixed. I found the answer by making the theoretical conditions as close to actual conditions as possible.

This required taking into consideration the fact that the down payment must be saved before a person can buy on the installment plan. Thus, the time required to fully pay for an article purchased on time is not just the length of the installment contract but includes also the time required to save the down payment. The results of my calculation were very surprising. If the down payment is reduced from 33⅓ per cent to 20 per cent and the term is increased from twelve to eighteen months, the average amount borrowed over the whole period—that is the time required to save the down payment plus the length of the installment contract—is increased by 75.4 per cent. Isn't that an amazing result? If you reduce a customer's down payment from ⅓ to ⅖ and lengthen the time for payment of the balance from twelve to eighteen months, you increase by over 75 per cent the average amount of credit you extend to him. In making this calculation I have assumed that your customer saves for the down payment the same amount per month as he pays on the installment contract. Time does not permit me to discuss the calculations in detail but I will be glad to discuss them with anyone interested.

Using the same calculations I found that the increase of over 75 per cent in the average amount of credit extended was accomplished with a near term stimulation of sales of only 25 per cent. Over the longer term a fixed monthly saving and installment payment permit of no increase in sales. This emphasizes the importance of gathering information as to changes in the amount of installment credit outstanding as well as changes in the amount of installment sales. A 10 per cent increase in installment sales gives no accurate indication of the growth of outstanding credit if the terms of sale have been liberalized. Every time you lengthen the terms of installment sales, every time you reduce the down payment, and every time you expand the type of goods purchasable on the installment plan, you increase the potential quantity of installment credit and the dangers of overexpansion.

With installment buying accepted in the best of circles; with the government stimulating installment purchases; with the extra cost of installment purchases declining; with the type of goods greatly expanded and terms liberalized; with the banks willing, yes anxious, to loan and with the vast credit resources of the Federal Reserve System available, who, then, can say that the stage is not set for a vast expansion of installment credit?

I am not prophesying when installment credit will get out of bounds but if you are interested in the general welfare of your country; if you do not want to become the scapegoat of the next boom and collapse; if you want to

run your own business profitably over the coming years; and if you want to manage that business without interference from or dictation by some government commission, I urge you to consider the amount of installment credit outstanding and not the quality only.

As individual retail establishments you can do much to prevent the overexpansion of installment credit but, to be fully effective, cooperative efforts through this organization and between this organization and other credit groups are essential. Do not wait until installment credit is growing so rapidly that it cannot be stopped. This was the trouble with Federal Reserve warnings as to brokers' loans in 1929. Do not wait for a government commission to force you to do something—start doing something now.

Memphis Class Completes Credit Course

Thirty-two students recently completed the credit course sponsored by the Memphis Retail Credit Association. Maurice B. Silverson, Credit Manager, The Landres Company and President of the Memphis Retail Credit Association sent us the photograph of the graduating class which is reproduced below. Also, the prize-winning essay by Miss Helen McCaslin of the Sam Bacherig Clothing Company.

The first prize, the "Silverson Trophy," awarded by Mr. Silverson, was won by Miss McCaslin. The second prize, an indirect table lamp, presented by H. C. Stroupe of the Memphis Power and Light Company, was won by A. J. McWeeney of the Southwestern Transport Company. The third prize, a set of book ends, awarded to William A. McCaskill of the Fidelity Loan Company, was presented by W. C. Wilson of Leo Kahn Furniture Company.

"We are looking forward," writes Mr. Silverson, "to a large credit school again next fall, under the guidance of the Memphis Public Schools, which will continue over a period of eight months."

Miss McCaslin's prize-winning essay follows:

Character as a Basis for Credit

The term "Character" is derived from a Greek word which means a mark engraved, and refers to those traits or qualities which are firmly fixed. Character does not happen to us nor is it bestowed upon us. Each of us must build his own.

The truest indication of one's character is found in his likes and dislikes. Character, unlike reputation, in many cases may not be known. If the true character of every credit applicant were known, the credit manager's job would be much simpler. Fortunately or unfortunately, as the case may be, outward appearance does not reveal one's character.

No doubt, the original foundation of credit was based on character alone. When members of a clan or tribe extended credit the character of the recipient was the only guarantee of payment. How-

ever, with the growth of credit to the tremendous institution of today, other factors have become almost as important. The noblest character on earth is not a good credit risk without *capital* and *capacity*. The *character* of the applicant determines the moral risk, but *capital* and *capacity* determine the ability to pay.

The fact that money due on outstanding credit business far exceeds the actual capital of the entire country proves conclusively that character is still the foundation of credit. Recent depression years have also proved the value of character in credit granting—many businesses and individuals would have been forced into bankruptcy had not their background strengthened them in the eyes of their creditors. They were trusted. In many cases, their only asset was *Character*.

Knowingly, we do not want the responsibility of placing a weak character on our ledgers. He is easily diverted, may intend to pay but his intentions fail to become realities. He may know what is right and he may mean to do it, but somehow he fails.

There are millions of characters—and no two alike. Our job, then, is to be able to distinguish between the good and bad, verify the ability to pay, and extend credit where credit is due.

Character is what one is. It is all that one is!

Goldenberg's Honors Leo Baum

Leo Baum, Treasurer of the Goldenberg Company, Washington, D. C., in recognition of his forty years' service with that store, was recently tendered a dinner at the Woodmont Country Club by the executive personnel of the store.

Mr. Baum began his career at Goldenberg's in the accounting department. He has served on the board of many civic enterprises in the course of his career and long residence in the Nation's Capital.

Credit Executive Immediately Available—Cleveland Area

Age 36. O.S.U., A.B., 1925; Columbia 1 year, Graduate School; ten years' credit experience; two years' auto finance; four years' industrial; four years' professional. Have maintained 45 per cent monthly collection percentage past three years. All references, salary open. Address Box 71, CREDIT WORLD.



Graduating Class of Memphis Credit School

The New Command

LEO M. KARPELES, Secretary-Treasurer of Burger-Phillips Company, Birmingham, Alabama, was elected President of the National Association at the Pittsburgh Convention. Robert A. Ross, Credit Man-

ager, Neiman-Marcus Company, Dallas, Texas, became First Vice-President and Erwin Kant, Credit Manager, Ed. Schuster & Co., Inc., Milwaukee, Wis., Second Vice-President. They are shown in the photograph above: Left to right—Mr. Kant, Mr. Ross and Mr. Karpeles.



Photo Courtesy Post-Gazette, Pittsburgh.

ager, Neiman-Marcus Company, Dallas, Texas, became First Vice-President and Erwin Kant, Credit Manager, Ed. Schuster & Co., Inc., Milwaukee, Wis., Second Vice-President. They are shown in the photograph above: Left to right—Mr. Kant, Mr. Ross and Mr. Karpeles.

In addition to the Directors who were elected by the various districts and ratified by the Convention, four Directors-at-Large were elected: W. A. Armstrong, C. G. Gunther's Sons, New York City; Benj. F. Collins, Warner Hardware Company, Minneapolis, Minn.; R. E. Baylis, T. Eaton Co. Ltd., Toronto, Canada; and Grant C. Braman, The Bedell Company, Portland, Oregon.

Results of Credit Women's Election

The Credit Women's Breakfast Clubs of North America, Division of the National Retail Credit Association, held their annual election at the Convention with the following results:

President, Miss Marion O. Brooks, Baton Rouge, La.; First Vice-President, Mrs. Catherine Bartlett, Cleveland, Ohio; Second Vice-President, Miss Ethel M. Dopp, Spokane, Wash.; Recording Secretary, Mrs. Nora O. Arendt, Little Rock, Ark.; Financial Secretary, Mrs. Anita King, Tulsa, Okla.; and Treasurer, Miss Lily Person, Minneapolis, Minn.

San Francisco Awarded 1939 Convention

The new Board of Directors, at their post-Convention meeting Friday afternoon, unanimously decided to accept the invitation of the San Francisco delegation to hold the 1939 Convention in that city. The dates will be June 20 to 23, 1939.



Part of the Convention crowd—Twenty-Sixth Annual Convention, Pittsburgh, Pa., June 21-24, 1938.



Personal Inventory

By LEONARD BERRY*

Credit Manager, B. Forman Company, Rochester, N. Y.

THE business of You and I, the business of successful living, needs inventory just as much as our commercial and manufacturing enterprises, so we may know in our own personal affairs whether we are solvent or insolvent, operating at a profit or a loss, on our course or drifting to danger.

Our world is a hectic place, our pace a fast one, we give unstintingly of ourselves, and the art of meditation is almost a lost one, yet the *very pace*, the *very strain*, the *very fullness* of our jobs, demand that we pause, take inventory, chart our course, adjust our position.

As a familiar and pertinent illustration, who has not had the experience of having his radio go on the "blink"?

One burned-out tube, and the instrument becomes silent; usually this happens when some favorite program is on the air, and one reflects that the sound waves are actually in the room; you have the instrument capable of making them audible, *but* you cannot hear them because of *one small* part; the program goes on your radio silent, all because of *one* tube.

Have you known people like that? Splendid brains, capable bodies, adequate technical and educational abilities, yet failing to produce accordingly, some relatively small mental adjustment, a burned-out tube, as it were, preventing them from playing their parts in the daily symphony, dulling the zest of living, and dimming the sun of personal achievement.

May I say that I have shown the need for "Personal Inventory" and now suggest we set a time for such, sharpen our pencils and wits, and total up our current position in relation to our "Book value."

Let us be *clear-sighted*. The answer will be our "Financial Statement." And let us be *scrupulously fair*. The answer must be true. After all the only ones to be fooled by juggling will be ourselves, and we *need* to know and we *must* know.

The profession of credit subjects us to many and varying pressures, and I am sure I need not enumerate nor describe them. You know, as well as I, what I mean.

I hope you will agree with me when I say that our most important asset is our own mental make-up, our attitude, our set of beliefs in this and that, our sane and sensible outlook, and our balanced optimism.

Second in importance, I place the technical and professional ability, the information, the experience we have.

Your very attendance at this business meeting shows you are deeply interested in improving your trade equipment, and I submit to you that, at the same time, your first asset should be subjected to the same critical analysis

you would apply to a new machine, a new system, a new piece of furniture.

The words I say can, at best, point the way, indicate the course. *You* must fill in the answers; *you* must supply the data, and I will be well content if I succeed in describing the smallest arc of this enormous and significant circle, leaving you an urge to explore further.

Suppose we discuss for a minute or two, what should comprise our "Book Value" against which we may check our Inventory:

I suggest four main divisions:

FIRST: Our general set of ideas and attitudes on the relationship of ourselves to the eternal mysteries of life.

SECOND: Our relationship to our fellow-man.

THIRD: Our part in community and group life.

FOURTH: The use of our talents and abilities.

Concerning the first, I do not feel that I should do more than place it in the forefront of our fields of inquiry, only reminding you of our eventual passing from this scene, the inescapable inevitability of such passing—its hour, place and mode completely unknown to us.

This alone should force on us the urgency of getting ourselves clear on fundamental questions. A prolonged look at the Heavens, a thoughtful study of the history of mankind, a flight in an airplane even, will give us an idea of our smallness, and suggest the existence of a great plan, beyond our puny comprehension, a Divine Design. As individuals, confronted with lives to live, we must be sure of what we believe, else all life loses its larger significance, and we are aimlessly adrift on dreary seas.

So much for this part of "Book Value;" each must fill in the inventory for him or herself. **HOW DO WE INVENTORY?**

In our *second* field of inquiry (our relationship to our fellow-men), we are first of all confronted with the inescapable fact of our mutual interdependence on each other. We literally live together. What we do has a direct influence on others, their well-being and happiness. Each action of ours sends out waves of power, enriching or debasing, helping or harming others.

This world has shrunk to a neighborhood as a result of our modern system of communication. Our specialized activities cause us to be almost wholly dependent on others for our requirements of sustenance and recreation. What we do and say has far wider significance now than when man lived in tight, self-sufficient tribal groups.

One man speaks, and forty million people listening to their radios are swayed to a single action; another orates, and a nation is embarked on a terrible journey to a war-ridden chaos, and so we could cite many examples of this fact.

The *individual* is of increasing importance in affairs, he is increasingly informed, increasingly eager to make himself felt and heard. How important, therefore, that this individual be properly tuned to his responsibilities. This individual of whom we speak is *you* or *I*.

*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

Let us consider for a moment how much we owe to those who have influenced our lives: Parents, teachers, professors, employers, early business associates and superiors, friends, acquaintances, and even enemies.

All that we are is the result of what we have read, seen, heard, absorbed, been told, or been shown by example. Each human contact we have made has left its mark on us. Each experience has contributed to our personality.

Our debt is heavy, nor can we directly repay those who have helped us. Many of them have gone out of our lives, some to their eternal reward, but they live on in us; they have achieved an immortality of personality through their influence for good or ill.

When thought of in this way *Life* becomes more than a CRY—SIGH—and DIE—it becomes a never-ending chain, of which we are but the current links. We are now affecting lives in the same manner that we were affected, paying to our successors the debt contracted with our predecessors. *How is the debt being paid?* In like kind? Or in spurious currency? Is ours a golden link or a brass one? Are we worthy of our heritage, or do we repudiate it?

To think of but one common application, we are heads of departments, having power over our staffs at least sufficient to make life more pleasant for them in the fashion of our old beloved bosses—by sympathy, consideration, and encouragement. Are we doing this or are we making it tough for them? Does working become an unpleasant task or a matter of pleasant enjoyment?

This theme could be developed endlessly by application after application, but—you fill in the missing spaces, and ask, "How do I inventory?"

The great philosopher Emerson in his monumental essay on "Compensation" points out the relationship between the "natural law" and the "human or spiritual law." He finds them similar, in that both are implacable, inescapable and inevitably just.

In the natural law, for instance, the engineer, the bridge-builder, the ocean captain, the miner, etc., know full well that they must be acquainted with and observe the rules governing matter in their enterprises, or such enterprises will surely fail. The penalty for disregard of the laws of physics is frustration of the plan, and failure to endure. In the realm of physics we can calculate results, and predict, from what we do, just what will be the end. No one dreams of flouting these laws; it would be stupid to try. The wise individual works in harmony and accord with them, and succeeds with his plan.

What many fail to see, however, is that the same implacability and inevitability exist in the *human law*. Just as certain qualities of human personality are in accord with the law, and observance of them leads to a balanced and harmonious life, so others are opposed to the law, and carry with them a penalty—frustration and failure.

For instance, as Emerson points out, the *abuse* of power leads to the establishment of forces to rob us of that power. The history books are filled with such instances. Our personal recollections prove the validity of the rule.

Do you carry *hate* in your heart towards your neighbor? Not only does such hate disturb you emotionally,

resulting in a physiological upset, but your neighbor, becoming aware of your feeling, may be inflamed by reciprocal hatred, possibly exceeding yours.

If you practice the double-cross, you will inevitably be made its victim. *What you sow, that you also reap.*

Negative qualities, the same as malignant ones, are harmful in that they tend to become malignant, sinking lower and lower, increasing their baleful power until they are destroyed by themselves, only after doing untold harm and creating terror.

By sharp contrast, the *positive* qualities of love, generosity, fairness, unselfishness, etc., in themselves right and in accord with the law, spiral upwards in ever-increasing circles until lost in infinity, leaving in their wake happy people, grateful hearts, purposeful lives and a glorious immortality of your personality.

Cast your minds back over the years. Reminisce a little. You remember a kindness here, a lovely gesture there, a thoughtfulness or a sacrifice which has smoothed the road, and gladdened the way for you. Someone has done something for you, something fine, something noble, and you have lived more fully because of it. Life has seemed richer, and you have been encouraged to carry on.

You have been filled with gratitude for the person who helped in time of need, who gave a word of appreciation, who stood by when the going was tough. There were those who said that was a small thing, it cost them nothing, of no great moment; your heart gave the lie—to you that aid was of transcending importance, it meant everything to you.

You may well ask me what has all this to do with being Credit Managers and I say to you that in addition to being good Credit Managers, while protecting our firms against loss, while doing all the protective functions, we have a tremendous opportunity to build lasting friendships for our stores, to weld with bonds of steel the affections of our customers.

Who among you will deny that the greatest asset of any business, in any community, is that fragile, delicate, yet unbelievably tenacious thing, customer good will?

Who among you will deny that the Credit Manager is a powerful instrument in its creation and maintenance, or its destruction?

We are handling *human* problems as well as *dollars and cents*, and the degree to which we enrich our daily contacts with our appreciation of human needs will be the degree to which we elevate ourselves and our jobs.

While we must *do and do well*, all the well-known and essential protective functions, we can also be *Credit Sales Managers*, selling friendship, understanding, warmth, cordiality, and rehabilitation.

It seems to be a prudent, as well as a desirable project to check over our "Inventory" in this field of our relationship to our fellow-man.

How do we inventory?

Now we approach our THIRD division of this "Inventory" and this is about our relationship to, and part in, Community and Group Life. We hear on every hand about a mysterious "*they*."

"*They*" are blamed for everything. "*They*" should do this. "*They*" that. "*They*" should have prevented this or that, "*They!*" "*They!*" "*They!*"

(Continued on page 30.)

Credit Department Letters

By Daniel J. Hannefin

IN THE May issue, in these pages, we deplored the lack of good English in Credit Department Letters. In that issue we mentioned that letters are the ambassadors of the retail stores which send them out.

All that was said applies with equal force to stilted English—to letters which are couched in the forgotten, stereotyped phraseology of yesterday's so-called business English.

Too many letter writers think they are using dignified English when as a matter of fact what they are using is decayed English!

And all of this applies with double force to the "bromides" which are used as openings and closers in average letters. You know the newspaper writers apply the term "bromide" to outworn and trite phrases.

There are still too many collection letters which start out "We beg to call your attention" or "May we call your attention to your delinquent account?" These always make me think that the dictator is clearing his throat, preparatory to saying what he has to say.

Opening sentences can be breezy, they can be cordial, and they can be friendly. They can pique the recipient's interest in the first sentence and clinch his desire to read the rest of the letter. *Or they can be dull as dishwater!*

John Mason of the Morgan Plan Company, Mobile, Alabama, has a happy habit of eliminating the customary "Dear Sir" and "Dear Mr. Blank" salutations and starting right out "Good morning, Friend" or "Good morning, Mr. Blank." Since most letters are received in the morning's mail you can imagine how appropriately such a salutation fits the mood of the recipient.

Too many of us are still using the old "bromidic" participial closers. "Trusting to hear from you, we are" or "Anticipating a prompt and favorable response, I am."

Such bring to mind the following from Walter Winchell's syndicated "On Broadway" of June 15: "Bob Wagner's 'Script' thought this was good: that after Richard Whitney's financial troubles with the N. Y. Yacht Club became known, he wrote his letter of resignation as treasurer of the club signing it 'Faithfully yours, Richard Whitney.'"

"Better, we agree, is the letter Gen. U. S. Grant wrote to Gen. Robert E. Lee dictating the terms under which he would accept Lee's surrender. Mr. Grant signed himself 'Your most obedient servant, Ulysses S. Grant.'"

Figure 1 in the plate opposite is an exceptionally good letter acknowledging the opening of a new charge account. The original is a four-page letter with the second page blank and the third page carrying the following information:

The Department of Accounts

You will find this department on the Tenth Floor. All charge purchases are sent to this office for approval. It is a method of authorization which protects you as well as the store.

The Amount Chargeable

When your account was opened the amount chargeable was determined. Should you wish to charge more than this amount, it is advisable to see the Credit Manager before doing so.

When Taking Merchandise With You

Your charge coin identifies you at once, as a charge customer, to any salesperson in our store. Always carry it with you and show it to the salesperson. If you didn't bring it with you and want to take the purchase, the salesperson will ask the Section Manager to identify you.

How Bills Are Rendered

On the first of each month, statements are sent covering purchases of the previous month.

The Payment of Accounts—Eighth Floor

Accounts charged during the month must be paid by the tenth of the month following. Rigid adherence to this rule is required, since the success of our charge system depends upon the promptness with which payments are made. Whether you remit by mail or pay in person, always have your bill accompany remittance.

Change of Address

Should you change your address, it is important that you notify us at once. Failure to notify us might cause a delay in approving your charges.

Adjustments

The Adjusting Department located on the Tenth Floor will be glad to promptly correct any error called to its attention.

Returning Merchandise

Merchandise to be returned for credit (with the exception of merchandise which is generally known as *Non-Returnable*) must be returned within seven days from date of delivery. It is important that sales check and price tickets should accompany the merchandise.

Suggestions to Improve Our Service

I shall appreciate it if you will give me in person or by letter any recommendations or suggestions which will improve our service.

Figure 2 is an excellent inactive account letter which combines with it the "sales idea." *Figure 3* is a unique collection letter which is certain to effect collections "with a smile." The letter in *Figure 4* is the second of a series which, according to Mr. Noonan, has proved more effective than outside collectors.

Gilfillan Retires

S. L. Gilfillan has retired as Manager of the Minneapolis Credit Exchange and as Secretary of the Retail Credit Association of Minneapolis, although he still remains a director of both organizations. He is succeeded by A. C. Stevenson, his former assistant. "Gil," as he is affectionately termed by all his intimates, has had a long and successful career.

KAUFMANN DEPARTMENT STORES
Incorporated
PITTSBURGH, PENNSYLVANIA

June 30, 1938

(1)

Mr. Arthur H. Hert
808½ Olmstead
St. Louis, Missouri

Dear Mr. Hert:

Our Credit Manager informed me that your name has been added to our list of charge customers.

It is a pleasure to welcome you to our institution. I trust you will use and enjoy all the facilities which we have to offer.

You may be interested to know that we have served this community for sixty-six years. During that time it has been the desire of both the founders and those who are carrying on the business today, to maintain the highest possible standards not only in the quality of our merchandise but in the quality of our service.

For your guidance I have had printed on the inside page, information concerning the use of your charge account, which, if followed will make buying in our store a pleasure.

Very truly yours,

O. M. Kaufmann

O. M. Kaufmann
Vice-President

NEW YORK OFFICE, 115 W. 34TH STREET



TUSCALOOSA, ALA.

May 9, 1938.

(2)

You may have thought that because this store is large your patronage would not be missed. On the contrary, we are deeply concerned because you have not used your charge account lately.

If there has been anything in our relationship to cause you to stop using our credit facilities, we are eager to correct it, as it is through the suggestions of our patrons that we are best able to improve our service.

Incidentally, the present time is ideal for the use of your account. The entire store is ready for our ELEVENTH ANNIVERSARY SALE, which will be held Thursday, Friday and Saturday, MAY 12th, 13th and 14th, with selections larger and more varied than we have ever had.

Thousands of interesting new items, at equally interesting prices, are here for your selection. Do pay us a visit during this sale, as you will find it both pleasant and profitable.

Sincerely yours,

LOUIS WESSEL, INC.,

By _____

SAN FRANCISCO 100 MARKET ST. HORTONWAY 10 BLDG.
OAKLAND 100 MARKET ST.
FREMONT 1112 FULTON ST.
PALO ALTO 147 UNIVERSITY AVE.
SAN JOSE 14 SOUTH FIRST ST.
HOLLYWOOD 8330 HOLLYWOOD BOULEVARD

OUTFITTERS
FOR
MEN
WOMEN AND
CHILDREN



NEW YORK 175 B'WAY
EUROPEAN HEAD
TO WHOLESALE
LONDON E.C.1

San Francisco, Calif.

(3)

May we have a check -- either a real check or a pencil check in the appropriate bracket below?

We shall appreciate it if you will check up and drop us the good news.

The balance is:

- () Can't possibly make it today -- Will send one on
- () Here's part of it to show you our good faith.
- () Here's all of it -- now keep quiet!
- () We mailed you one on

Very truly yours,
ROOS BROS., INC.

BUREAU OF ACCOUNTS

FM:CB

THE LACLEDE GAS LIGHT COMPANY
SAINT LOUIS

LACLEDE GAS BUILDING
SUITE 41 ELEVENTH
BLVD. AT ELEVENTH

(4)

We do not wish to be too insistent regarding this PAST DUE account, but at the same time we feel that you would hardly think well of our business methods if we allowed you to forget it. Our first letter brought no response.

We feel certain that you value a clean record with this company fully as much as we prize your good will. As a step toward fostering an even better understanding, therefore, we must ask that you make some arrangements without further delay to meet this obligation.

Give this matter your prompt attention and avoid the possibility of any misunderstanding that might arise from a little unintentional neglect.

Yours very truly

THE LACLEDE GAS LIGHT COMPANY

J. F. Noonan
J. F. Noonan, Credit Manager.



Do Forced Credit Sales Weaken Customers' Respect for Obligations?

By O. M. PRENTICE*

Manager of Credit Sales, David Spencer, Ltd., Victoria, B. C.

THE basis of all credit is Character. Character is defined as distinctive qualities or traits—the sum of one's mental and moral qualities; reputation or standing.

This, one of the greatest of the intangibles of each of us, has been developed from childhood and has become a part of ourselves. However, the general character of every individual is affected by the standard of the times in which he lives and the standards of his country and community.

Again, anyone who has studied psychology or had much to do with human relations knows people react very favorably to what they know is expected of them.

The people who have made successes of their lives and made this great Northwest of ours the wonderful place it is, had high standards of integrity and character, coupled with energy and vision. Their word was their bond.

Years ago it was felt to be somewhat of a disgrace to go into debt for consumer credit. Then our economy became more complex and business found it was profitable to extend credit on an open account basis, first to a selected list of customers, who at times were given certain privileges of settlement. Following this, credit was extended on a contract basis for sewing machines, followed by furniture, then automobiles, to our present basis when nearly anything except food can be bought on contract terms.

Open monthly accounts were also extended to a greatly widening class of customers and credit of all kinds was found to be still profitable if sanely granted and controlled.

However, the customer still felt the receiving of merchandise in exchange for his promise to pay was according him a certain privilege.

Also, all credit granters and merchants felt, though they wanted to sell as much as possible on a credit basis, credit could only be extended on a certain well-defined basis—to be profitable to the seller as well as of assistance to the buyer.

The maintaining of a good credit record was understood and known to be requisite to secure further credit. The securing of merchandise on credit is the equivalent of a loan of money.

Competition in terms between merchants later started in earnest, with each merchant trying to outdo the other. The buying public saw advertisements pleading for them to buy what they wanted, "no down-payment," and, practically, to pay as they were inclined.

*An address at the Tenth District Conference, Portland, Ore., May 15-18, 1938.

It would be tedious to enter into details as to the extent of these methods of forcing sales through the misuse of credit which are familiar to everyone reading this. My personal feeling is that the buying public has been led to regard credit as a thing to which they are entitled regardless of credit record, financial standing, or permanency of employment and that merchants are only too anxious to force credit accommodation of all kinds upon them.

I realize such a condition is contrary to the best judgment and desire of credit executives but, on the other hand, we all must admit it is a thing which has happened and is having an effect on every business.

How does the cash customer feel about all these long terms offered with no carrying charge? Also, can he and the credit customer who pays his monthly account promptly each following month consider they are getting a fair deal?

My plea is that credit terms must be brought back to a fair and reasonable basis:

- (a) Monthly accounts to be paid in full each month.
- (b) Budget account terms to be no better than one-third cash, balance thirty and sixty days. Thus the terms for this type of account will be placed on the same basis as the monthly account.
- (c) Hard merchandise contract accounts to call for a reasonable down-payment. Not less than 10 per cent must be insisted upon, with terms not over a year (with a possible increase to eighteen months on certain special lines), and in every case a carrying charge of a minimum of $\frac{1}{2}$ of 1 per cent a month to be part of the contract.
- (d) The advertising of terms to be discontinued.

The harm already done to the standing and dignity of credit can be counteracted by a series of advertisements to be sponsored by local credit associations, using the advertisements prepared by the National Association, coupled with a willingness on the part of credit executives to educate their customers.

Our customers will then be led to understand and appreciate that a credit standing really is an asset of great value to each of them personally. Collections will improve and bad debt losses decrease.

Further, we will do just as much business over a series of years while the cash and prompt paying credit customers will know they are receiving fair and equitable treatment.

Each credit executive has a great part to play in this and can help his own firm and finally his customers by educating, then assisting them, in keeping their buying and indebtedness within their ability to pay.

How Are House Accounts Controlled?

By C. F. HUFFORD*

Manager, Bureau of Accounts, Fisher Company, Tacoma, Wash.

IT SEEMS that, in many cases, the potential possibilities of retail sales to house employees are not given the full attention they deserve. In stopping to analyze this situation we find that the store gives too much importance to the fact that their employees are not regular customers.

Often you may hear, on the floor, employees saying, "If the departments do not wish to obtain the merchandise I want, I will go elsewhere," even though there is plenty of loyalty deep down in their hearts. Naturally, if the attention is given to the employees in their own store they will endeavor to buy more.

A very important phase of selling the employee is in making it easy for him to buy, yet having the account fully under control. Many stores differ in the way employees' accounts are handled. Some have regular open accounts, with employees paying on the accounts themselves, others deduct purchases from the pay envelope. Still others sell coupon books, upon which a discount is given at the time of purchase. These books may be charged, and paid for in installments.

The present system used in large stores in Tacoma consists of a slip which each person signs at the time he enters the store's employ and begins the charge account. The copy reads as follows:

Date_____Am't of Purchase_____
Clerk No._____Name_____
Department_____Address_____

Am't mutually agreed upon to deduct from salary each pay day \$_____

For value received the undersigned hereby assigns and transfers to The Fisher Company, all claims and rights to her (his) salary or any and all other compensations due her (him) for The Fisher Company, at its request or at the request of any of its officers or officials.

And you are herewith authorized and empowered to deduct and withhold from same such and all amounts as may be due The Fisher Company from the undersigned for purchases made by the undersigned and not when made.

SIGNATURE_____
ADDRESS _____

This copy is held by our attorney to be legal and allows us to deduct any employee's full pay at any time. It is a great help inasmuch as an employee may leave on a very short notice, owing a large bill and we may take all of her (his) salary to apply on account without fear of any legal action.

New employees who wish to make any charges must sign one of these slips, which will remain in force as long as they are working at the store. Of course, the amount

*An address at the Tenth District Conference, Portland, Ore., May 15-18, 1938.

of deductions will vary according to the amount of the purchases.

For example, we will take Milly Jones, who enters our employ and upon working for a week or so, decides to buy a dress in the amount of \$19.50. She immediately comes to the office and signs a slip stating that she wishes \$5.00 a pay day deducted on this purchase. We inform her that any other purchases made between pay days will also be deducted, besides the \$5.00 arranged.

This, of course, keeps the account down to a minimum and within control. Naturally it is necessary, before the office O.K.'s the charge, to contact the personnel department to see if Miss Jones is to be steadily employed.

Perhaps a little later Miss Jones sees a davenport and chair she likes and wishes to put on a contract. A regular procedure follows in making a regular contract, but it is placed in the house ledger and her payments deducted from her salary as per her arrangement.

The deductions are made by the pay roll head and a representative of the Credit Office. The statements are pulled from the ledger, then gone over with the arrangement slip, and the amount deducted marked on each statement. This amount is written up by the cashier and the receipt of payment enclosed in the pay roll envelope.

The department managers' accounts are all handled in the regular manner of open accounts, but are kept in the house ledger. We do not allow employees to have accounts in the regular ledger. These accounts are supposed to be kept on a thirty-day basis and are gone through once a month for any to be put in collection. Any account in arrears is closed until satisfactory arrangements to bring the account to date is made with the Credit Manager.

Another great help in controlling house accounts is the fact that all charges must be signed by the employee and both the duplicate and the original must come to the office to be O.K.'d and the merchandise sent to a centralized desk near the exit by which employees leave at night. By using this plan, employees' relatives are unable to use their accounts and receive a discount. Only direct dependents are allowed to use employees' accounts.

Anyone who wishes to pay cash sends through the charge with a note, "To pay cash." This slip is then held in the office where the discount is taken and the purchaser comes to the office and makes the payment to the cashier.

Improving the Efficiency of the Credit Bureau

(Continued from page 13.)

It is upon these three things, or rather upon this solid foundation, that we as bureau managers may expect to improve the efficiency of the bureaus we manage. And it is upon this same foundation that the National Retail Credit Association and the Associated Credit Bureaus of America may expect to justify their continuous existence.

Credit News Flashes--

Personal and Otherwise

California's Convention Delegation

Shown in the photograph are some of the Golden State's delegates who extended California's invitation for the 1939 Convention. They are: *Seated*, left to right: H. H. Christensen, American Trust Company; S. E.



Shermartine, Retailers Credit Association; and Walter V. Howe of Sommer & Kaufmann, Inc., all of San Francisco. *Standing* (left to right): W. F. Bradley, S. & G. Gump Company, San Francisco; S. E. Edgerton, Broadway Department Store, Los Angeles; J. A. ("Jack") Gross, Retail Merchants Credit Association, Los Angeles; and A. R. Macoon, J. F. Hink & Son, Berkeley.

* * *

Kansas City's Annual Election

The following newly elected officers and directors were installed at the annual dinner party of the Retail Credit Association of Kansas City (Mo.) May 24: President, R. R. Varney, Chandler Landscape & Floral Company; First Vice-President, H. M. McDonald, Cities Service Oil Company; Second Vice-President, C. J. Jedlicka, The Morris Plan Company; Secretary-Treasurer, M. G. Riley, Merchants Association Credit Bureau.

Directors: Gus Boehm; V. Scott; L. C. Austin; Effie Finnell; B. F. Phelps; Cathryn Sullivan; and A. A. Everett. Miss Effie Finnell of Fred Wolferman, Inc., was elected as Chairman of the Country Club Credit Unit.

David Morantz of Morantz Mercantile Agency was reelected President of the Kansas City, Kansas, Unit. Tom Rowland of Goldman Jewelry Company, as Vice-President; Lydia Strobel of Jenkins Music Company, Secretary; Olive Powers of Butler Music Company, Assistant Secretary; and Harry York of Roney Monument Company and Ted Smith of Cook Paint & Varnish Company, as Sergeants-at-Arms.

First Anniversary of Pottsville Credit Grantors

The Pottsville (Pa.) Credit Grantors on May 12 commemorated their first anniversary, electing the following officers: Wm. E. Greenwood, Pomeroy's, Inc., President; Frank Egan, Personal Finance Co., Vice-President; Dorothy Dimmerling, Green's Jewelry Store, Secretary; and Harvey Nagle, Pottsville Supply Co., Treasurer.

Mr. Greenwood writes that they have adopted this slogan: "Together we stick—divided we're stuck!"

"During the past year," he writes, "this organization has been instrumental in bringing about closer relationships between the stores operating in credit and has adopted by-laws to accomplish that end."

* * *

Two Winners at the Convention

Shown in the photograph are L. L. Cook, Secretary of the Retail Credit Association of Elkins, W. Va., and Mrs. Madeline G. Holt, Secretary of the Business Men's Association, Inc., Bartlesville, Okla., both of whom were awarded membership prizes at the Pittsburgh Convention.

Mr. Cook was not only awarded a personal trophy "for outstanding membership work" but was also awarded, for his association, a trophy for having the largest membership in proportion to population—a membership of 90 in a city of approximately 8,000.

Mrs. Holt received a check for \$50 (to apply against Convention expenses) in recognition of her having secured 81 new members and having organized a new National unit in Bartlesville.



A. C. B. of A. Election

The Associated Credit Bureaus of America, Inc., at the Pittsburgh Convention named the following new officers and directors: President, Charles E. Moorman, Manager, Retail Credit Men's Association, Jacksonville, Fla.; Vice-President, Harold A. Wallace, Manager, Credit Bureau of Will County, Inc., Joliet, Ill.; Secretary-Treasurer and Manager, Frank T. Caldwell, Saint Louis, Mo.

Directors: William R. Arendt, Little Rock, Ark.; James D. Hays, Harrisburg, Pa.; John N. Keeler, Portland, Ore.; Allen T. Hupp, Omaha, Neb.; Charles E. Moorman, Jacksonville, Fla.; Harold A. Wallace, Joliet, Ill.; Horace C. Barnhart, Austin, Texas; Charles M. Reed, Denver, Colo.; S. E. Shermantine, San Francisco, Calif.; and Lyman Weld, Longmont, Colo., *Chairman*, Collection Service Division.

The Collection Service Division of the A. C. B. of A. named the following Executive Committee: Lyman Weld, Longmont, Colo., *Chairman*; F. E. Sherod, Cleveland, Ohio, Vice-Chairman; and Earle Dows, Minneapolis, Minn. Elmer A. Uffman was reappointed as Secretary-Manager of the Collection Service Division.

Positions Wanted

CREDIT CLOTHING STORE MANAGER—Nineteen years' experience. Thirteen years in present position. Desires to make change. Capable handling any phase of credit department or credit store work. Located in Western Pennsylvania—but willing to go elsewhere, South preferred. Age 45. Plenty of ideas and the ability and desire to execute them. Sales record good, but better collection record. Address Box 72, CREDIT WORLD.

CREDIT MANAGER—Ten years' experience automobile finance management; consider any other line with future. Age 31, married, college education, own car, willing to go anywhere. Address Box 73, CREDIT WORLD.

CREDIT MANAGER OR CONTROLLER—Age 41, fifteen years' successful experience, good personality and very good health. Will furnish sufficient reference. Address Box 74, CREDIT WORLD.

CREDIT AND COLLECTION WORK—Young man, age 28, now employed in credit and collection work, desires similar connection in Harrisburg, Williamsport, Pa., or vicinity. Address Box 75, CREDIT WORLD.

IF YOU NEED a stenographer, cost accountant, time-keeper, bookkeeper, record clerk, statistician or traffic man, do not miss this opportunity to get a good one. I am twenty-three and single.

With plenty of initiative, I feel that I can learn any business, and am willing to go anywhere to work. As a salesman, I believe I would be a "natural." J. R. Stewart, 3622 Spottswood Avenue, Memphis, Tenn.

Thomas C. Boushall, President of the Morris Plan Bank of Virginia, Richmond, Va., was recently elected a director of the Chamber of Commerce of the United States for a two-year term.



Letters That Cross The Editor's Desk

I thought you would be interested in knowing that a funeral director of Pittsburgh, Penn., Mr. John Kekilty, read my article in the June issue of your publication. He was so impressed with it that he and his business manager, Mr. E. V. Pinckney, boarded an air-liner at 10 A.M. this morning and flew here for a personal discussion of the subject.

I had a very pleasant interview with them and they left again this evening. I don't mind admitting that I was quite flattered and consider such an event a very definite compliment to both your publication and myself.

These gentlemen advised me that they do a business of approximately 750 units per year with a sales volume upward of \$200,000 per annum, which is a larger business than any now existing in St. Louis. Their credit losses have been running about 3 per cent. As they left they assured me that it was their intention to return again for a further discussion of the subject.—ROBERT J. AMBRUSTER, President, Robert J. Ambruster, Inc. (Funeral Directors), Saint Louis.

I am deeply gratified to report a most successful meeting of our National unit, The Retail Credit Association of Elkins, on the evening of the sixteenth.

The officers elected immediately assumed their duties and are Arthur F. Martin, President; Thomas C. McClintic, Vice-President; Boyers M. Clark, Treasurer; and L. L. Cook, Secretary. Provision was made for the officers to prepare proper constitution and by-laws to be submitted at the next regular meeting of the association which will be held May thirty-first.

Our attendance of thirty was most gratifying in view of the fact that it was but our second meeting and the "good news" had not yet been spread abroad. The group, among other things, discussed 1937 "P & L's" with very interesting and profitable results. Enthusiastic praise was showered upon the newly elected officers for having initiated the organization.

A Community Credit Policy committee, Credit Bureau Service committee, Publicity committee, and Legislative committee will be appointed by the president at the next meeting at which time also there will be provided for each member a composite list of all "P & L's" submitted.

The writer looks forward with most pleasant anticipation to the community benefits which our unit meetings will provide.—L. L. COOK, Manager, The Credit Bureau, Inc., Elkins, West Virginia.

P.S. If available would like 100 copies of your editorial letter of January 27, 1938, to President Roosevelt on installment terms. In addition to distribution among our National members, I want to put a copy of this letter in the hands of each of our Senators and Congressmen.

Personal Inventory

(Continued from page 23.)

When we come to analyse this we find that there is also an "Us."

Many of the responsibilities we so blithely shift to "They" belong to "Us." In these critical times especially, the individual responsibility should be apparent, and the powerful searchlight of "Inventory" thrown on our part in the scheme of things, remembering that "*We*" are "They" to others. In affairs of State, for instance, what would be the result if, instead of volubly criticizing, each of us offered to do all we could to make a satisfactory condition?

You say to me that an individual is very small indeed, and his voice and effort of no avail, drowned in the clamor and turmoil. Consider this:

A nation is but a large number of cities, towns, and villages. All communities are made up of people.

It is a startling but true thought that all our troubles are made by individuals. Back of all causes, crusades, suffering, inhumanity, is a man or group of men, actuated by a common desire. Therefore, if all men would set their own houses in order, the result would be astonishing.

You say to me that this is absurd, that the law of the jungle is the supreme law, that the smart thing to do is to "get yours first" before the other fellow beats you to it. That there will always be strife and that "dog eats dog." Anyone who thinks otherwise is plain silly, beating his wings, birdlike, against the bars of an immovable cage.

That would be the philosophy of despair, and if all think it, it will be so. *I*, and I believe *you*, prefer to believe that mankind is on an ascending scale, and that while terrible and discouraging set-backs occur, the trend is ever upward, and the gain is unmistakable, when the long-range view is taken. At least, let us ask ourselves if we are doing all we can in understanding, and supporting, the forces of positive good.

You and I have visited certain communities, and we have been impressed with the general fineness, have noted a minimum of crime, and have been amazed by the soundness of the administration of civic affairs—impressed with the air of content and well-being which is obvious.

We have diligently asked, "How come?" and we have discovered a strong and unselfish civic pride on the part of those in high places, frequently emanating from one man and which, by its very force, has inspired others until the whole community has become uplifted by the benevolent influence.

One alone, you say, of no avail!

History of men and nations proves the overwhelming importance of this and that man. Not armies nor nations, have advanced the race, but here and there, down the procession of the years, an individual has cast his shadow over the world, affecting and benefiting all.

Perhaps, if out of our "Inventory" should come less of the use of the pronoun "they" and the substitution of "we" all of us would be that much ahead.

As credit managers, we have opportunities provided us for mutual education, mutual assistance, mutual im-

provement in conditions, by the established machinery of our Credit Associations, both Local and National.

It is a privilege and a responsibility to belong.

A privilege because we reap so much tangible benefit out of them, and a responsibility, because we must also contribute to them.

Like a reservoir, they must have an intake before there can be an outlet. Are we individually taking out and pouring in? Or just taking out? If all take out and do not put in, the reservoir must some day go dry.

We frequently find that a few do the work, take the lead. Those who fail to do their part lose infinitely by their failure and the Association is poorer. Each of us can total his own "Inventory" in these matters.

Our inquiry could take in our part in all civic, educational, and religious phases, and could profitably extend to the home.

Finally we come to the FOURTH phase of our "inventory," *the use of our talents and abilities.*

This world is a great stage, with all of us playing our individual parts. Some have brilliant roles, others obscure. Some are equipped with great gifts; others seem, and are, terribly handicapped.

Sometimes the drama seems to go along at a slow pace, at others the action is swift and important.

As the drama progresses we are often unable to gauge its true significance; we are too near the event to estimate its importance or effect on our or the following generations.

The parable of the "ten talents" comes thundering down the years, with its significance as true today as it was by the shores of Galilee two thousand years ago. You all recall its message. The point for us to determine now for ourselves is whether we are using *all* our talents and abilities, thereby miraculously increasing them, or whether we are going along, using only part of our potentialities, only hitting on four cylinders instead of eight.

It is one of the principles of our human law that if we fail to use all of our talents and abilities, they become less, and eventually wither and die. When *used*, they become greater and increase in number.

This seeming contradiction is not nonsense, and can be illustrated by numerous examples. In every field of human skill, constant practice is necessary if skill is to be preserved and increased. You know this is true. Similarly in our field of personality inquiry we find that our abilities for the betterment of others, unless used, are taken away from us. When used generously, they become a source of blessing to us, as well as to others, and our scope is vastly enlarged.

You and I have watched men who have failed to accept opportunities offered them for service, and those men have drawn closer and closer within themselves, their potentialities for contribution to civic, professional and community betterment wasted, and in addition, they have deprived *themselves* of many rich satisfactions.

You and I have also watched others, who have given freely of their talents and abilities, often at personal sacrifice, asking no reward, seeking no glory, actuated solely by an urge to worthily play their parts in the drama of life.

We have watched these achieve a personal balance, a calm outlook, a spiritual serenity, and an impregnable armor against the vicissitudes of life. In addition we

have observed many other benefits accrue to them—the friendship of many, esteem, affection, confidence, all priceless possessions—and we have called them “lucky!”

In our work as credit managers, we should be ready to assist in any worthwhile endeavor, cooperate fully with others in the betterment of credit conditions, and not only *should* we but we *must* because only by so doing can we develop ourselves, and achieve that peace of mind that comes only from doing our part.

In every phase of existence, in every contact with our fellowman we should examine ourselves, to see if we are pulling our weight, and using all our talents and abilities.

How do we inventory?

As credit men we have two major fields of endeavor: First, to be proper guardians of our firms' money. Second, to develop into Credit Sales Managers.

As individuals, we have a life to live, a part in the drama to play. *We have talents and abilities—are we using them?*

Improving Credit Conditions Through Customer Education

(Continued from page 9.)

files and just dig into them to try to learn if the names of their fathers or mothers are included among the thousands of other names!

As the students leave the Exchange, pamphlets giving a *resume* of Mr. Gilfillan's lecture are handed out to each one. The following day when these pupils report back to their fellow students, they repeat what they have learned—answer many questions—and these pamphlets are distributed.

(Editor's Note: The first page of this pamphlet is reproduced on page 9.)

With these pamphlets being distributed to an average of 8,000 to 9,000 students yearly in our schools—and with the pamphlets reaching the homes through these students—it is estimated that many times that number of present and future retail buyers are reached through this project each year.

For the last four years every student passing through the Minneapolis 9B classes has been contacted—and if the program is continued, the possibilities for the future are easily imagined. These students will soon be the Mr. and Mrs. Retail Buyer in our Minneapolis stores and the lesson—“Not what you have—but what you are,” will be long remembered.

We do not claim in Minneapolis that our delinquent letters alone—nor our work with the Public Life Problem classes—nor even our prompt pay advertising—be it by newspaper or radio (which we dipped into for a short time) are entirely responsible for the prompt paying habits of our retail customers. We like to feel that it is a combination of all methods—and that whether it be on the street car (where we have recently taken over advertising space) or through the medium of the newspapers or monthly letters—the value of good credit is constantly brought before Mr. and Mrs. Retail Buyer.

Try These Revised “Inactive” Stickers!

Use on “blank” statements one month--
and you will use them again!

*We Missed You
Last Month!*

▼▼

Anything wrong? If
so, please give us a
chance to correct it.

*We Value
Your Patronage!*

© 1934, N. R. C. A.

*Your Account
Is Balanced!*

▼▼

This is just a re-
minder that we
missed you last
month.

*Use Your
Charge Account!*

© 1934, N. R. C. A.

*You Don't Owe
Us a Cent!*

▼▼

Yes! We've noticed
it and we hope you
will use your charge
account this month.

*Your Patronage
Is Appreciated!*

© 1934, N. R. C. A.

Exact size shown by dotted lines. Printed
in one color. Price, \$2.00 per 1,000

National Retail Credit Association
1218 Olive Street St. Louis, Mo.

Three New "Pay Promptly" Inserts

(Reproductions of our "Pay Promptly" Ads)

Can be used as statement enclosures; also with collection letters. Actual size, $4\frac{1}{4}" \times 6\frac{1}{4}"$; furnished folded to $4\frac{1}{4}" \times 3\frac{1}{8}"$ (as shown below) to fit statement envelopes.

Their use is recommended to members of local associations now using our "Pay Promptly" ads. Use them as a direct "tie-up" with the ads.

Price, \$2.50 per thousand, postpaid.

Your Credit Record Is An Open Book



Friends Talk About "Q.C."* Too!



*"Q.C." means Questionable Credit. The result of failure to pay bills promptly — as agreed.

CREDIT is a privilege—a convenience—extended upon the merchant's or professional man's confidence that when bills are rendered, they will be paid promptly, according to terms or agreement.

Pay each bill promptly and you establish a "Prompt Pay" record in the files of the Credit Bureau which, like money in the bank, will grow in value. For promptness in paying makes your credit good—and keeps it good!

But—failure to pay bills on time, through neglect or carelessness, can only establish a reputation for Questionable Credit ("Q.C.") and cause embarrassment—to your creditor just as much as to you. For no one likes asking for payment—even when it's past due.

The remedy for "Q.C." is simple: Bills are due on the first of the month following purchase and past due after the 10th.

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

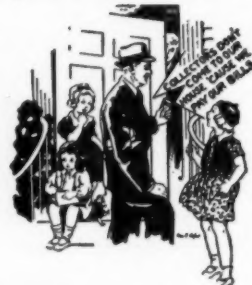


National Retail Credit Association
EXECUTIVE OFFICES SAINT LOUIS

MEMBER NATIONAL RETAIL CREDIT ASSOCIATION

PRINTED IN U. S. A.

Prompt Payment of Bills Prevents "Q. C."*



*"Q. C." - Questionable Credit - is caused by laxity in paying bills. Avoid it!

Use Your Credit Judiciously
Buy Promptly—Pay Promptly

PAYING bills is a matter of promptness—and understanding—just as much as it is of honesty. For most people are honest, but many are careless.

They neglect payment of their bills and unwittingly build a reputation for "Q. C."—Questionable Credit—with all its recurring embarrassments: phone calls, collectors' calls, neighbors' gossip.

Merchants and professional men are glad to extend the convenience of credit to their patrons. But they expect to be paid, just as they must pay their own bills, according to agreement.

Phone calls and collectors' calls cost them money—needless expense to collect what is due them. That's why they welcome the patronage of those who pay promptly!

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

MEMBER

Your Credit Record Is An Open Book



And You Are The Author!

By the Way You Pay, You Write Your Own Record on a Little Card In the Files of the Credit Bureau.

YOUR credit record is of your own making. The Credit Bureau only keeps the record! Shown in the inset above is an actual credit record (with the customer's name and address omitted). It shows how that customer has paid his accounts—as

truly as if he had written the record in his own book!

Millions of records like this, in the files of the credit bureaus of the United States and Canada, form the basis of credit reports—used by creditors and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record—And Keep It "O. K."



National Retail Credit Association
EXECUTIVE OFFICES SAINT LOUIS

MEMBER NATIONAL RETAIL CREDIT ASSOCIATION

PRINTED IN U. S. A.

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET

SAINT LOUIS, MO.

"Impress Upon Their Minds The Importance of Good Credit"

That's Just What This Little Booklet Does!

"How to Use Your Credit to Best Advantage"

This is the title of a little 12-page booklet prepared by the National Office to promote *better customer understanding* of the use and, likewise, the *abuse* of credit privileges. Dignified, courteous, understandable—it tells customers, *in an understandable and impersonal way*, the things you would like to tell them about credit but dare not for fear of giving offense.

Members, the country over, are using it. Hardly a day passes but that we get letters telling us of its effectiveness. The letter at the right is from a credit executive who has used over 40,000 copies—who orders them in 10,000 lots, and uses them on new customers and inactive accounts, as well as "slow pays." What is more, he has a special message of his own imprinted on the back cover!

Local associations can use it—with a proper local message imprinted on the back cover—to *build a community understanding of credit and its proper use*.

New Low Prices

By ordering in large quantities, we are able to offer new low prices: 500, \$7.50; 1,000, \$12.50; 2,500, \$30.00; 5,000, \$55.00; 10,000, \$95.00; 25,000, \$200.00. Carrying charges and printing on back cover extra. We recommend that this overprinting be done by your local printer. (Size, 3 1/4" x 6 1/4".)

Address all orders and inquiries to: National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

P.S. A few sample pages are shown below.



Dual Jewelry Company

Jacksonville, Fla.
January 16, 1937

Office of the
Credit Manager

Mr. L. S. Crowder
General Manager-Treasurer
National Retail Credit Association
1218 Olive Street
St. Louis, Mo.

Dear Mr. Crowder:

We are extensive users of the booklet, "How to Use Your Credit to Your Best Advantage," which we obtain from the National Association and we consider it very useful.

We use this booklet in the following manner:

When new customers open charge accounts with us we write them a letter thanking them for their business. In this letter we explain to them the exact terms of their payments. We also call their attention to the little booklet which we are enclosing— "How to Use Your Credit to Your Best Advantage"— and ask them to kindly read it.

We cannot help but feel that when customers read this booklet it will impress upon their minds the importance of good credit and also the importance of paying their accounts according to agreement.

I have had many compliments from our customers on this little booklet. We also use this booklet on any reopened account (that has been inactive for three months) by mailing the customer a copy of it with a letter thanking him for the privilege of making another charge to his account.

Yours very truly,

W. F. Esser

W. F. ESSER,
CREDIT SALES MANAGER.

WFE/3



A GOOD CITIZEN must have Good Credit. Credit to most of us means the acquiring of something of value without having to pay for it immediately, but it has a more important aspect. It functions today as an economic stimulant to better living and we should safeguard it and conserve it as we do our health.

Nearly sixty percent of the total retail business transacted annually is done on some form of credit. In its modern usage, Retail Credit is divided into two kinds, i. e., the **Monthly Charge Account** and the **Time Payment or Installment Account**. Both have their place in our economic welfare and both are well defined in their use.



The **Monthly Charge Account** provides the privilege of charging our purchases on one month's bill and paying for them between the **first** and **tenth** of the following month. Bills are due for settlement on the **first** but ten days are allowed as a courtesy and convenience. The **tenth** of the month is therefore the "dead-line" or **National pay day** for retail merchants, professional men and all others who have shown faith in us.

The **Time Payment or Installment or Deferred Payment Account** also has a set pay day. It is either weekly, on specified day, or monthly, semi-monthly, quarterly,



Everything in a home can be bought on credit—the house itself, the heating plant, bathroom fittings, furniture, even repairs and alterations. Credit has contributed a great deal to the increased comfort of modern living.

possible on some form of deferred payment. Groceries, clothing, house furnishings, fuel, light, water and gas are all given to us on our promise to pay. The many things that go to make our lives livable are ours by virtue of this right gained through a good reputation. The Dentist and the Physician render their services on credit. Gifts and remembrances to our family and friends are so acquired. The automobile, radio, electric refrigerator, and many other accessories necessary to satisfy our modern desires and maintain prestige amongst our friends are available on credit. And to some of us comes the hour of



Husbands and wives should co-operate with each other.

Six Advertisements In This New "Pay Promptly" Campaign

Companion to the "Standard" Series

Good Credit Is Your Magic Wand!

SIX NEW ADS:

"Good Credit Is Your Magic Wand"
(Shown at right)

"Prompt Payment of Bills Prevents 'Q. C.'"

"Your Credit Record Is an Open Book"

"Are You Haunted By Credit Worries?"

"Is Your Credit Record Holding you Back?"

"Friends Talk About 'Q. C.,' Too!"



FAIRY godmothers and magic wands were but fantasies of childhood. But, today, we have at our command a magic force for supplying needs. Modern credit facilities! Millions, today, are buying homes on credit — and furniture, automobiles, electrical appliances, and other

modern conveniences that were luxuries but a generation ago!

And — paying out of earnings — they have use of their purchases while paying for them!

All that is required is a good credit record — a reputation for meeting obligations according to agreement.

Use Your Credit and Build a Good Credit Record — By Paying Promptly, According to Agreement!



© 1937, NATIONAL RETAIL CREDIT ASSOCIATION

PUBLISHER NOTE CAREFULLY: This Space Is for Local Association Signature to be Set by You.

Cut off small brackets at each outside corner of advertisement which are placed there only to indicate exact size of space.

MATS IN TWO SIZES

These ads come complete, in mats ready to hand to your newspaper, in two sizes. Prices:

8 x 12 in. \$2.00 each
4 x 6 in. \$1.25 each

Sample advertisement (in 4" x 6" size) shown at left—actual size.

Series may be used as a campaign or in conjunction with our "Standard" series of 12 ads.

If you have used the "Standard" campaign, this new campaign can be used to "follow through." **If you have not** used the "Standard" campaign, you can use both as a continuous newspaper campaign of 18 advertisements.

A new "Portfolio of Pay Promptly Advertising," showing all of the ads of the new campaign, as well as the effective advertisements of the "Standard" campaign, will be sent upon request.

NATIONAL RETAIL CREDIT ASSOCIATION

FOURTH FLOOR

1218 OLIVE STREET

SAINT LOUIS, MO.

